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THE

HISTORY OF BANKING;

WITH

A COMPREHENSIVE ACCOUNT

OF THE

ORIGIN, RISE, AND PROGRESS, OF THE BANKS

OF

ENGLAND, IRELAND, AND SCOTLAND.

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BY WILLIAM JOHN LAWSON.

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"The Bank of England is to the Agriculture, Commerce, and Finance of Great Britain a SUN; and the CIRCULATION of so many Millions of its paper is the BASIS on which its convenience, property, and safety have hitherto rested."—SIR FRANCIS BARING.

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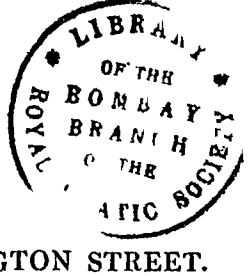

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TO

HENRY JAMES PRESCOTT, ESQ.,

GOVERNOR,

THOMSON HANKEY, JUN., ESQ.,

DEPUTY GOVERNOR,

AND

THE DIRECTORS

OF THE CORPORATION OF THE BANK OF ENGLAND,

THIS

HISTORY OF BANKING IN THE UNITED KINGDOM,

IS, WITH THEIR KIND PERMISSION,

MOST RESPECTFULLY DEDICATED BY

THE AUTHOR.

PREFACE.

CUSTOM, which is as arbitrary as fashion, renders it necessary that the following pages should be prefaced with a few remarks by the Author; and in fulfilling that custom, in addition to the ordinary preliminary matter, I propose, however little I may grace my cause in speaking of myself, to give a short biographical sketch of my early connexion with the banking interest, so that the reader may be assured that the work has not been "cooked" to suit the taste of this or that party, but that it is a faithful record of events connected with Commerce and Banking, compiled by one practically acquainted with the subject on which he treats.

At the age of sixteen I left Christ's Hospital, in which religious ancient and royal foundation I received the rudiments of my education, and, having doffed the blue coat and yellow stockings, made my first appearance on the world's stage, where every one must play his part.

I had, either naturally or from my education, a good share of confidence and self-possession—most important adjuncts to a youth, especially at the present time; and with these essentials I traversed the streets of this vast metropolis, not in search of the picturesque, but of employment. How I succeeded "it is now my bent to speak."

During my rambles, chance one day brought me into Lombard-street, when my attention was attracted towards a house where a number of young men were continually going in and coming out. I watched them for some time, when my curiosity to know what was going on in that house induced me to ask a person passing, what that house was. He replied, "It is a banking-house." I went home, revolving in my mind what was meant by the term used by my informant, but was unable to come to a satisfactory solution. I, therefore, had recourse to my dictionary, where I found that a banker was a money-changer.

This was precisely that sort of business with which I felt myself familiar; for I had for the preceding seven years been in the constant habit of dealing with money-changers, albeit I never knew till now that they were called bankers.

Most of my readers probably require to be informed that in the Blue-coat School no money is allowed to circulate but "hospital money"—at least this was the regulation in my juvenile days; so that when a boy received any of the current coin of the realm from his friends, and was desirous of expending it, he must first get it exchanged for hospital money. This money passed current at any of the shops within the walls of the institution, of which there were several; and it was customary for one boy to say to another, "Go to the money-changer and get me twelve hospital pennies for this shilling;" so that the term money-changer was familiar to me from my infancy; and in my cloistered simplicity I thought that the house in Lombard-street was an establishment on the same principle.

Accordingly, on the following day, I went again to Lombard-street, stood opposite the house, and saw the same description of young men; among them, several about my own age. Impelled by some unknown and undefined influence, I crossed the street and entered the house. I looked about me, but nobody appeared to take any notice. I saw young men standing behind long counters, weighing gold and silver in scales.

I stood there for some time watching the tellers, and inwardly admiring the magnificence of the money-changer's; at last I said to one of them, "Pray, Sir, do you want a clerk?" He answered sharply, "Who told you that we wanted a clerk?" I replied, "Nobody told me so, but, having recently left school, I am desirous of getting some employment. I am living with my mother, who cannot afford to keep me at home idle, and what to do I know not."

Whether the teller was struck with the novelty of the application, or the reason I adduced for making it, I never could discover; suffice it to say that, after waiting about ten minutes, I was requested to walk into the partners' room.

On my entering this sanctum sanctorum, I perceived three persons sitting at a table. One was a very venerable and very amiable-looking old gentleman, the head of the firm; the others were younger. One of the latter, the junior partner, addressed me, putting the question the teller had done; and, nothing daunted, I gave the same answer, adding, "I do not like to be beholden to my friends for my support, if I can any how get my own living."

"A very praiseworthy determination," he said; "and

how old are you, my boy, and how long have you been from school?" Having satisfied him upon these points, he continued his queries, asking what sort of a hand I wrote. "A very good one," I replied, "at least so my master used to say;" and, at the same time pulling out my school copy-book, which I had been thoughtful enough to put in my pocket, I displayed it before him. "Aye," he said, "that is very good writing; but can you get any one to be security for you?" I said at once, and without the least hesitation, "Yes, Sir." This reply was made without my having at that time the remotest idea what the term security meant, as applied in the sense in which he used it. I gave him the name of a gentleman who I said would no doubt do what was required; I also gave him the name of the Steward of Christ's Hospital, the worthy and estimable Mr. Hathaway, long since buried in the cloisters of the hospital,

"Where heedless schoolboys hourly trample on their master's head."

Inquiries were made of these gentlemen, which, proving satisfactory, I received on the following Wednesday a visit from the gentleman at the banking-house whom I had accosted on my entering the house, and who on this occasion said he was very happy to be the bearer of the intelligence that I had been appointed to a clerkship in the banking-house of Barclay, Tritton, Bevan, and Co., and that I was to commence the duties of my office on the following morning. "Your salary," he added, "will be seventy pounds per annum." This was indeed a most agreeable and joyful piece of information, and such as I had no reason to expect. I accordingly made my appearance at the office on the following

morning, which but a week before I had entered a wandering stranger.

I remained in the house fifteen years, when the love of change operating upon an active mind induced me to leave the Bank, and seek for more enlivening scenes.

I should not have adverted to a passage in my life which might appear trivial to the reader, but that I believe chance directed me to the very course for which nature had best fitted me. Certain it is, that every thing connected with the affairs of Banking has been at all times most interesting to me.

I must now proceed to describe the steps I took towards the compilation of the work, in the original construction of which it was my intention, with the assistance of a friend, to have taken an impartial review of the political, commercial, and moral influence of Banking, with the present state and future prospects of the Currency question; but, after making some progress, I found that the conflicting opinions of the various writers on the Currency tended more to embarrass than enlighten the inquirer after truth. I therefore determined not only to change the title of the work, but, abandoning all theories and speculative opinions, to confine myself to an historical account of facts connected with the commerce and practice of Banking in England, Ireland, and Scotland.

It will readily be conceded that all the materials necessary to complete an absolutely accurate History of Banking in the three kingdoms are not at the command of any one private individual. I can, however, without the least approach to egotism say, that for some years past I have been diligent in my researches,

and used my utmost endeavours to trace the gradual developement of our Banking system from the earliest period to the present day.

I consequently consulted most of the ancient and modern writers on the subject, together with the State Papers, the Journals of the Houses of Parliament of England, Ireland, and Scotland, as well as the Reports of the various Parliamentary Committees on Finance and Banking. From these materials, and others which the kindness of friends placed at my disposal, the work has been compiled; and, although most of the facts are already before the public, yet they are scattered over a variety of public and private documents and writings which, from their very nature, are, and must necessarily be, inaccessible to the general reader.

The only merit I claim for the work is that of its being an extensive collection of facts connected with the banking system, and the laws and customs which regulate and have regulated our Banks: yet, notwithstanding all my endeavours to make the work as correct and comprehensive as the complicated nature of the subject would admit, and such as no writer on banking has hitherto accomplished, I trust that the reader will not expect that a work, compiled from such a variety of materials, spreading over so many centuries, should be altogether free from errors or omissions.

THE AUTHOR.

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THE

HISTORY OF BANKING.

INTRODUCTION.

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AMONG the instruments of civilization which the ingenuity and industry of man have given to his species, not one has been so completely characterised by the elements of potency of effect and universality of application as money. No people is so barbarous as not to recognise its use; none so daring as to contemplate its discontinuance.

The love of money has been confounded in the minds of unphilosophical moralists with an inordinate appetite for wealth, ignorant that, in the absence of money, the comparative worth of the productions of nature, and of the labours of man, might be appreciated, but could not be rightly adjusted.

In that golden age when gold was not, Arcadian swains might barter a ram for a lamb, and consider it a fair bargain; but when the simplicity of the shepherd became developed into the wisdom of the man, a juster appreciation of things took place. A small quantity of

the finest metals, such as gold and silver, being, by reason of their scarcity, of greater value than other commodities, became by common consent the means whereby all things necessary for man might be obtained; and in all ages they have been distinguished as precious metals by all civilized nations, and people have exerted their utmost industry and ingenuity in procuring them.

But, as even gold and silver were subject to be adulterated by the admixture of baser metals, certain standards were agreed upon by which to ascertain their purity; and their value was computed by weight, the unit of quantity being some known natural substance,* the variations in which were supposed to lie within very narrow limits.

A little while, and man took the greatest stride of all in the march of civilization. He *gave credit*. Bullion by weight was succeeded by bullion by tale, usually denominated coins, of several shapes and values, impressed with the effigies, arms, names, ensigns, or other tokens of the power or pleasure of the respective governments issuing them.

Again, the oppressive king, the daring robber, the winds, the waves, combined to rob the enterprising merchant of his all; but ingenuity can elude, if it cannot overcome, physical force. Bills of exchange were invented; and, by a process easier than the incantation of a magician, wealth was transmitted safely from the

* Henry the Third caused a grain of wheat gathered from the middle of the ear to be the standard weight; and 32 of these, well dried, were to make one pennyweight, twenty pennyweights one ounce, and twelve ounces one pound troy: since then it has been thought advisable to divide the pennyweight into 24 equal parts, called grains.

The word Troy was the monkish name given to London, *Troy Novant*, founded on the legend of Brute. Troyweight therefore is in fact London weight.—Report of Commissioners of Weights and Measures.

banks of the Ganges to the shores of the Baltic. Hence the advantages of banking, which has not improperly been called the handmaid of commerce.

Before, however, we proceed to develope the progress of banking in this country, we propose to give a short account of the nature and quality of English money, and the manner of testing its purity. Previous to the Norman Conquest, the mode of reckoning by the Anglo-Saxons was by pounds or pence. The Saxon pound weighed 5400 grains, and a Saxon penny 22½ grains troy: 240 of the latter made a pound as at present; but there was only one description of coin, and that was the penny: all other monies, such as the libra or pound, the mark, the ora, and the shilling, were merely ideal monies, or denominations, or ways of reckoning, for convenience.*

The penny continued to be the only coin known in England till long after the date of Domesday book, the halfpenny and the farthing being literally fractions or broken parts of the penny.

It is recorded that William the Conqueror introduced into England the method of accounts as practised in Normandy, viz. that of reckoning by pounds, shillings, and pence, or by pounds, ounces, and pennyweights.

The pound weight of silver was divided into twelve shillings, composed of twenty pennies each, corresponding to pounds, ounces, and pennyweights, or twenty

* Montesquieu states, that in some parts of the coast of Africa the people adopt an imaginary standard of value. He says, "We are informed, the blacks on the coast of Africa have a sign purely ideal for fixing the value of their commodities:—when they wish to make an exchange of them, they say, 'such an article is worth three macutes, such another is worth five macutes, and such another ten;' and yet a macute, like our pound, "can neither be seen nor felt; it is entirely an abstract term, and not applicable to any sensible object; for they do not exchange their merchandise for three, five, or ten macutes, but for some article worth the same number of macutes."

shillings, of twelve pennies each, but it was not till some time afterwards that it obtained the denomination of the "pound sterling."

Before the Norman Conquest the kings of England established their mints in different monasteries, from a presumption, it is supposed, that in such sacred places the coinage would be secure from fraud and corruption. In course of time mints were set up in almost all the principal towns, and in some of the largest there were several mints. Thus the state of the coin was perpetually fluctuating, owing to the removal or discontinuance of the old or the establishment of new mints, according to the caprice, and sometimes the cupidity, of the reigning prince; for there is no doubt but that this privilege was frequently granted in consideration of an advance of money, or in recompense for services performed.

Although the regulation of the national money appears to have been regarded by our early monarchs as a part of the prerogative of the Crown, which they guarded with extreme jealousy, yet it is virtually the province of the three branches of the Legislature, the Crown giving currency to the coin by proclamation.

Sir William Blackstone's opinion was, that in this kingdom the royal prerogative did not extend to the debasing or enhancing the value; but Sir Matthew Hale was decidedly of another opinion; for he says, "The legitimation of money, and the giving it its denominative value, is justly reckoned among the *jura magistratus*, and in England it is one special part of the king's prerogative."

Sir Edward Coke was of opinion that "the alteration of money may not be without Act of Parliament."

If the Crown ever possessed this power of altering the value of money, that is, the rate at which it should pass in exchange for commodities, it has lain dormant

for many years. In the reign of Elizabeth, which furnishes the latest instance of its exercise, its existence was not unquestioned; for, though it was confirmed by the judgment of a court of law, the decision has been deservedly censured "as repugnant to every principle of natural justice."

It is a power, however, which neither the kings of this country nor the head of any other empire ever pretended to possess. It is true, that by most governments the shape, the size, and the quality of the current coin has been altered; perhaps by none more disgracefully than by some of the earlier monarchs who held the crown of France. Yet their authority may be cited to prove, that they never imagined they had the power of altering the *value of the coin*,* as is evident from many of the ancient ordinances forbidding the engravers and other officers to reveal the quantity of alloy used in the formation of it—a measure perfectly superfluous, if by these ordinances the value of the coin could have been altered. The same precaution was taken by the English kings; for we find King John added to his mandate, for the like purposes, these words, "Upon the oath you have taken to the king, keep this matter secret the best you may; for if by your means it shall be known, you shall be punished after such a manner that all others shall be terrified thereby."

Antiquaries and critics are greatly divided in their opinions as to the origin of the word *sterling*. Buchanan attributes it to the Castle of Striveling, or Sterling, in Scotland, where a small coin was anciently struck, which he states gave the name to all the rest. Camden derives the name from *easterling*, or *esterling*, observing that, in the reign of Richard, the first money

* See Lauderdale on the Depreciation of our Paper Currency, p. 76.

coined in the east part of Germany began to be of especial request in England, by reason of its purity, and was called easterling money, as all the inhabitants of those parts were called easterlings. Some of these, who were skilled in coinage, were, soon after, in the reign of King John, sent for to perfect the English money, which was thenceforward called sterling, and not, says Camden, from Striveling in Scotland, nor from stella or star, which some "dream to have been coined thereon." In old deeds the English coin is always called, *nummi easterling*, which implied as much as, good and lawful money, &c. Clarke, in his account of the Roman, Saxon, and other coins, observes, that the English pound was called the pound sterling because their ancestors brought it from the more eastern parts of Europe, the shores of the Euxine, and that they called it *libra esterlingorum*, the pound sterling, to distinguish it from the Roman pound, which —to preserve the same distinction—was called *libra occidua*, or the western pound.

No ordinances respecting the *standard* of the coins have been preserved from the Norman conquest to the 8th of Edward the First, when, according to Stow, Gregory de Rokesley, mayor of London, being chief master or minister of the King's Exchange, a new coin was agreed upon—the pound, or easterling money—to contain 12 ounces of fine silver, such as was then made in the foil, and was commonly called silver of Gutheron's Lane, now called Gutter Lane. This pound was to weigh twenty shillings* and three pence *in account*, each ounce twenty pence, and every penny twenty-four grains and a half.

In the 18th of Edward the Third we find the standard of gold coin was the old standard or sterling of twenty-three carats* three grains and a half fine, and half a

* The purity of gold is not estimated by the weights commonly in use,

grain alloy. Every pound weight of gold of this standard was to be coined into fifty florins, at six shillings each, which made in tale fifteen pounds, or into a proportionate number of half and quarter florins. They took their name from the Florentines, who, in the reign of Edward the First were sent for to "inform him of the manner of making and forging money."

According to an indenture between King Edward the Third and Percival de Perche, a pound of gold of the old standard was to contain 39 nobles and a half. This instrument shows that the trial of the pix was then finally established.

So much confusion prevails in the conflicting statements of the various early writers respecting the coinage, that little dependence can be placed in them. The debasement of the coin by Henry the Eighth, and subsequently by Edward the Sixth, are well known. King Charles the First, among other devices for raising money during his troubles, wished to debase the coin even below what Henry the Eighth and Edward the Sixth had done. It was debated in council to mix silver and copper together, and to coin to the value of 300,000*l.*, the coin to be such that *three pennyworth* of silver, added to a certain quantity of copper, should be made current for *one shilling;* but Sir Ralph Freeman, Master of the Mint, being satisfied that the Parliament would be able and willing to make good the sentiments he expressed, declared to Lord Strafford that the servants of the Mint House would refuse to work the copper money. To which the earl replied,

but by an Abyssinian weight, called a *carat*. The carats are subdivided into four parts, called grains; and these again into quarters. So that a *carat grain*, with respect to the common divisions of a pound troy, is equivalent to 2½ pennyweights. Gold of the highest degree of fineness, or pure, is said to be 24 carats fine.—McCulloch's Commercial Dictionary, article Coins.

"Then it were well to send these servants to the House of Correction." And to the House of Correction they and the Master of the Mint would have gone, had they ventured to utter such sentiments in the time of Henry the Eighth; but the arbitrary power of the Crown had now received a check from which it could not recover, and was itself made to yield obedience to the supreme dominion of gold and silver.

All the bullion required to be coined in London was formerly received at the King's Exchange, and coin was delivered for the same; and, such was the jealousy evinced by our early monarchs in guarding the prerogative of exchanging money, that it was strictly forbidden to be carried on at any other place. King Henry the Third in council issued an order, prohibiting all persons from "making change of plate or other masse of silver but only in his Exchange at London."

To remedy the inconvenience which continually arose from the number of mints throughout the country, Queen Elizabeth in the early part of her reign established one Mint in the Tower of London; where, with few exceptions, all the money of the kingdom was coined, until the whole business of coining was removed to the present handsome and convenient edifice.*

An Act passed in the 18th of the reign of Charles the Second, for the encouraging the coinage of gold and silver, whereby both natives and foreigners were entitled "to receive out of the Mint an equal quantity of our gold and silver coin for what crown gold or sterling

* As this building happened to be finished just at the time when, owing to the high price of gold, all specie had disappeared, and also at the time the new Custom House was completed, it was wittily observed by some Member of the House of Commons—"that we had a new Mint when we had no money, and a new Custom House when we had no trade."

silver they should bring thither, and in the same proportion for over or under fineness, without any expense whatever to the bringers of the same to the Mint."

The expense of the coinage was defrayed by a tax on wines, spirits, vinegar, cider, and beer imported.

Charles the Second, being desirous of improving the English coins, desired John Roetier and Thomas Simon, engravers to the Mint, to prepare pattern pieces of money to be exhibited at Court. The King gave the preference to those by Roetier, which were ordered to be adopted for the new money.

This preference so exasperated Simon, "who," as Folkes says, "did not value his performances less than they deserved, nor knew how to submit to a foreign rival," that he immediately quitted the Mint.

In the year 1663, Simon produced a crown piece, with a petition to the King round the edge, which was considered a most extraordinary performance, and valued by the curious as a masterpiece of this kind of workmanship. It resembled what were the common milled five-shilling pieces; but the King's head was larger, the face and garment covered with a sort of frosted work, the letters were expressed by outlines frosted in the middle, and under the head was the name of Simon. Upon the reverse was the figure of Saint George on horseback, encircled with the garter, the date 1663, and upon the edge the artist's petition, viz.: "Thomas Simon most humbly prays your Majesty to compare this his trial piece with the Dutch, and if more truly drawn and embossed, more gracefully ordered, and more accurately engraven, to relieve him."

It was said there were not more than twenty of these pieces struck off with the petition, and a small number without. It is not ascertained what relief Simon obtained upon the petition; but it is quite certain he was never afterwards employed at the Mint.

As the trial of the pix at the Exchequer is very ancient and curious, and though carried on in an open court is yet so little known, it may not be uninteresting to trace it from the earliest period in which it is to be found in our records, and to state the manner in which it is conducted at the present time.

The wisdom of our ancestors did not allow them to consider the private assay within the Mint, which sanctioned the delivery of the coins to the owners of the bullion, as a sufficient security for the integrity of the coins, but required them to be submitted to a trial by jury. This examination is technically called the Trial of the Pix, from the box in which the coins which have been selected for that purpose are contained, and in which they are secured by three locks, the keys of which are respectively in the custody of the Warden, Master, and Comptroller of the Mint.

It does not appear that the ancients had any such public examination; and the earliest notice of the pix which is to be met with in any modern foreign mint occurs in the reign of Philip the Sixth of France in the fourteenth century; but whether that account relates to a public trial cannot be determined.

Its introduction into our courts is of high antiquity; for in the 9th and 10th of Edward the First it is mentioned as a mode well known. In one of those years the King, by his writ, "commanded the Barons of the Court of Exchequer to take with them Gregory de Rokesley, then Master of the Mint, and straightway, before they retired from the Exchequer, to open the boxes of the assay of London and Canterbury, and to make the assay *in such manner as the King's council were wont to do*, and to take an account thereof, so that they might be able to certify the king touching the same, whenever he should please."

From this record, which is the most ancient hitherto

discovered relating to this trial, it appears that previous to the above date it had usually been made before the King's council; but by authority of the writ above quoted, it was then to be held in the Court of Exchequer in the presence of the barons.

At one period the trial took place before the Lord President of the Council, the Commissioners of the Great Seal, and others of the Council of State and Committee of Revenue, by virtue of an Act of Parliament; at another before the Lords Commissioners of the Treasury, the Justices of the several Benches, and Barons of the Exchequer, or some of them.

The earliest notice recorded, in which the judgment of professional artists was required to sanction as a jury the decision of the court, is dated the 37th of Elizabeth, when a trial was held at the Star Chamber.

The practice of summoning the court is as follows:— Upon a memorial being presented by the Master of the Mint praying for a trial of the pix, the Chancellor of the Exchequer moves his Majesty in council for that purpose. A summons is then issued to certain members of the Privy Council to meet at the office of the receiver of the fees in His Majesty's Exchequer, at eleven o'clock in the forenoon, on a certain day. A precept is likewise directed by the Lord High Chancellor to the wardens of the Goldsmiths' Company, requiring them to nominate and set down the names of a competent number of sufficient and able freemen of their Company, skilful to judge of and present the defaults of the coins, if any should be found, to be of the jury to attend at the same time and place. This number is usually twenty-five, of which the Assay Master is always one.

When the court is formed, the clerk of the Goldsmiths' Company returns the precept, together with

the list of names; the jury is called over, and twelve persons are sworn.

The following is the form of the oath, as administered to a jury in March, 1847:—"You shall well and truly, after your knowledge and discretion, make the assays of those monies of gold and silver, and truly report if the said monies be in weight and fineness according to the Queen's standard in the Treasury for Coins; and also if the same monies be sufficient in alloy, and according to the covenants comprised in an indenture thereof, bearing date the 6th day of February, 1817, and made between his late Majesty King George the Third, and the Right Honourable William Wellesley Pole. So help you God."

The above oath having been administered, the president gives his charge to the jury, that they examine by fire, by water, by touch, or by weight, or by all or by some of them, in the most just manner, whether the monies were made according to the indenture and standard trial pieces, and within the remedies.

The jury then retire to the court room of the Duchy of Lancaster, whither the pix is removed, together with the weights of the Exchequer and Mint, and where the scales which are used on these occasions are suspended, the beam of which is so delicate that it will turn with the merest trifle, when loaded with the whole of the weights, 48lbs. 8oz. in each scale.

The jury being seated, the pix is opened, and the money, which had been taken out of each delivery and deposited therein, inclosed in a paper parcel, under the seals of the Warden, Master, and Comptroller of the Mint, is given into the hands of the foreman, who reads aloud the endorsement, and compares it with the account which lies before him. He then delivers the

parcel to one of the jury, who opens it and examines whether the contents agree with the endorsement. When all the parcels have been opened, and found to be right, the monies contained in them are mixed together in wooden bowls, and afterwards weighed.

Out of the monies so mingled, the jury take a certain number of each species of coin, to the amount of a pound weight, for the assay by fire; and, the indented trial pieces of the gold and silver of the dates specified in the indenture being produced by the proper officer, a sufficient quantity is cut from either of them for the purpose of comparing with it the pound weight of gold or silver which is to be tried, after it has been previously melted and prepared by the usual method of assay.

When that operation is finished, the jury return their verdict, wherein they state the manner in which the coins they have examined have been found to vary from the weight and fineness required by the indenture, and whether and how much the variations exceed or fall short of the remedies which are allowed; and according to the terms of the verdict the Master's *quietus* is either granted or withheld.

As far back as there is any record of these proceedings, to the honour of those gentlemen who have held the important office of Master of the Mint, be it told, there has never been a deviation from the appointed standard of value.

CHAPTER I.

ORIGIN OF BANKS IN ENGLAND.

First establishment of the Exchequer—Its functions as a Bank—Nature of Exchequer bills—Revenues of the Crown originally paid in kind—The Brotherhood of St. Thomas A'Becket incorporated—The Merchants of the Steel Yard incorporated—Some account of the Cambium Regis, or Royal Office of Exchange—Antiquity of the Company of Moneyers—Exchanges as originally practised by the Jews—Introduction of the Jews into England by William the Conqueror—Their functions as Bankers—Their expulsion—Origin of the term Bankrupt—Introduction of the Lombards into England as Bankers—Many of them banished—First legalizing of Interest of Money by Act of Parliament—Variations in the rate of Interest—Sir Josiah Child's description of the effect of lowering the rate of Interest.

BANKING, as an assistant to commerce, and as now understood, had no existence in England prior to the sixteenth century. The operations comprehended under that term were few and of an exceptional character. The lending of money on the mortgage of personal valuables, of lands, and of the revenues of the church, were the occupations of the bankers of our ancestors.

The first public institution in England partaking somewhat of the nature of a Bank was the Exchequer, founded by William the First: it still flourishes under Victoria, and, after an existence of eight hundred years, its objects remain unchanged, its operations only being modified by the lapse of ages.

The original name of the Exchequer was Scaccarium. Various conjectures have been hazarded respecting the origin of this word, but it is not improbably derived from *scaccus* or *scaccum*, the "chess-board," because a chequered cloth was used at the Exchequer similar

in appearance to the squares of a chess-board. These chequered cloths were anciently of great use to the accomptants of the English Court of Exchequer in counting the money, inasmuch as the squares were understood to represent figures corresponding to the amounts placed thereon.

Sometimes, when money was paid in or tendered to the Exchequer, supposed to be alloyed beneath the legal standard, it was brought to the fire to be tested: this was called *combustio examen.*

Previous to, and immediately after the Norman Conquest, there was very little money in use in England: all obligations were discharged by personal service and by payments, such as cattle, horses, dogs, hawks, &c. &c. Rent of land was reckoned in kind, as appears in page 248 of "Spelman's Ancient Deeds and Charters," where it is stated, that "the rent of Hicklinge is ten measures of malt, five of groute, five of wheat meale, eight gammons of bacon, sixteen cheses, and two fat cows."*

Down to the period of Henry the First, the rents, taxes, and fines due to the King, were paid in provisions and necessaries for his household. Afterwards, in succeeding reigns, the revenues of the Crown were chiefly paid in gold and silver, but sometimes made up with horses, dogs, and birds for game: on some occasions an entire payment was made in horses and dogs singly, of which there are numerous instances to be met with in the ancient rolls of the Exchequer.

* The tax called Danegeld, originally levied by Ethelred the Second, was an annual tax of two shillings on every hide of arable land, and was in its nature a land tax, and is the first stated tax mentioned by our historians. It was called Danegeld because it was originally paid to the Danes; but, like many other things, continued to retain the name long after it became appropriated to other uses. Camden, in his Britannia, makes the number of hides of land in England amount to 243,600; consequently, the gross produce of this tax, at two shillings per hide, would amount to 24,360*l.*, an enormous sum in those days.

When the King's revenue, in money, was conveyed from one place to another, the sheriffs of the counties, or some other of the King's officers, used to have the care of conveying it, and were allowed their expenses upon the next account. Sometimes the King's money was conveyed by persons specially appointed to take charge of it, who, for their security, were furnished with letters of aid and safe-conduct.

A great portion of the yearly revenue consisted of fines, which were paid for grants of land and confirmations of liberties and franchises of various kinds. When the receivers of the public revenue lodged the money in the Exchequer, they received a discharge for the same, called a tally.

Tallies were of great and constant use in the Exchequer, coeval with the institution of the Exchequer itself. The word tallies is originally French—*taillie*, cutting.

These tallies were pieces of wood cut in a peculiar manner. For example: a stick or rod of hazel well-dried and seasoned, was cut square and uniform at each end, and in the shaft. The sum of money which it bore was cut in notches in the wood by the cutter of the tallies, and likewise written on both sides of it by the writer of the tallies.

These notches were cut at two opposite angles of the prism, which being split, converted it into two prisms with triangular bases: these two notched cuts of wood were exactly equivalent to the modern engraved cheque and counterfoil: one was given to the parties paying money, and the other retained at the Exchequer.

It is a mistake to suppose that tallies were a means of keeping accounts. On the contrary, they were official receipts for money paid into the King's Exchequer. Clumsy as such instruments must appear to modern ideas, they were undoubtedly an effectual protection

against forgery or fraud.* Counters were sometimes used at the Exchequer in the way of computation; in which case the counters were laid in rows upon the several marks of the chequered cloth, viz. one row or place for pounds, another for shillings, &c. &c.

Tallies and counters are now disused, but ancient instruments still remain famous throughout the civilized world as pledges of the wealth of the British islands. The holder of an Exchequer bill does in fact hold a mortgage on all the property, both movable and immovable, in the United Kingdom; a mortgage binding in law, but more binding still in the unbroken faith of the inhabitants of the United Kingdom.† Exchequer bills are a species of Government paper money peculiar to this country: they are simply orders upon the Exchequer, entitling the bearer to the sum specified therein, together with interest at a fixed rate per cent. per day, until a period is named for their payment, that period being at the option of the Government, but seldom exceeding twelve months from the date of the issue, when they are advertised to be paid off or exchanged on a given day. The interest on such bills as

* The circumstances attending the entire extinction of these primitive instruments are somewhat remarkable. In the month of October 1834, the authorities of the Exchequer gave directions that the tallies and foils (which were no longer required) should be destroyed. They were, accordingly, removed from the Exchequer to the cellars of the Houses of Parliament, and placed in the flues to be consumed.

The operation of burning the tallies (of which there were several cart-loads) began at six o'clock in the morning of Thursday, 16th October 1834, and continued the whole of the day, until half-past six in the evening, when, the flues having become over-heated, a terrific fire burst forth, and in a few hours the entire building was a heap of ruins.

By a Report of the Privy Council, the conflagration was ascribed to the burning of the tallies; but the calamity was attributed to accident.

† See History of Exchequer Bills, in No. 6838 of the Harleian Collection of MSS. in the British Museum.

are not sent in for payment or exchanged, ceases from that period.

The Exchequer was originally a court of conservation of the prerogatives as well as the revenues of the Crown. It was the especial duty of the Treasurer and Barons of the Exchequer to see that the rights of the Crown were not invaded by such as claimed liberties or exemptions.

According to the constitution of these realms, the Exchequer is the grand receptacle of all the revenues of the State; and when monies are once deposited there, they are removable only by a warrant of the Lords of the Treasury, who now exercise the power formerly delegated to a single officer of the Crown, styled the Lord High Treasurer.

At present, the Chancellor of the Exchequer may be said to be the grand receiver general, and the First Lord of the Treasury, commonly called the PREMIER, the grand paymaster general of the nation; and although, unquestionably, there are benefits accruing to the public from the continuance of a variety of checks, arising from certain forms of office, according to the ancient usage and custom of the Exchequer; yet, in effect, the modern Treasury is the ancient Exchequer; and in common discourse, both in and out of Parliament, the terms are often used synonymously. But, although all the monies of the State are thus virtually paid into the Exchequer, it is not to be understood that the actual coin and bank notes are deposited in vaults under the roof of the old building at Westminster.

In former times, indeed, the Exchequer was literally the bank of the Lord High Treasurer; but this was at a period when the existing facilities and securities for the transfer of money were wholly or almost wholly unknown; when bank credits, bank cheques, and bank notes had no existence; and when the whole system of pecuniary intercourse was rude and imperfect: but, since

the establishment of the Bank of England, the Exchequer has become rather an office of accounts and control than a repository for the safe custody of cash.

The Governor and Company of the Bank of England, as bankers to the Lords of the Treasury, now take that charge upon themselves: some of their principal clerks attend every day at the Exchequer to regulate the money business of the Treasury, the money itself remaining in the coffers of the Bank to be distributed among the various departments of the Government, according to the orders of the Treasury issued at the Exchequer.

This short account of the English Exchequer will give the reader as clear a view of the condition of the financial operations of the State as we are able to collect: those who wish for more detailed information respecting this institution will do well to consult "Maddox's History of the Exchequer," and the Report of the Commissioners appointed to inquire into the manner in which the public money is received and paid, dated October, 1831.

As England had in some measure a royal or state bank in the Exchequer at a very early period, so she was not destitute of those institutions which, partaking both of a public and private nature, have at all times formed a prominent feature in the habits and customs of the Anglo-Saxon race. Looking at the ordinary course of business in the thirteenth century, it is by no forced analogy that we can perceive a strong likeness between the brotherhood of St. Thomas à Becket, afterwards the Merchant Adventurers, the Merchants of the Steel Yard, and the various trading and banking corporations of the present day. The monopolies with which they were invested, however repugnant to our present notions, were probably necessary powers. At that time, the people and the nobility being equally unscrupulous and

rapacious, private persons were unable successfully to resist their aggressions. And, more especially that the subsidies annually granted by Parliament consisted of a certain number of sacks of wool,* the monarchs required the aid of a trading company to turn the wool into money.

One of the most ancient corporations in England was the Society of Merchant Adventurers, which was first called "The Brotherhood of St. Thomas à Becket of Canterbury." In 1248, the corporation obtained privileges of John duke of Brabant, which were afterwards confirmed to them by Edward the Third of England. They subsequently obtained charters of incorporation from Henry the Fourth, which charters were confirmed by every succeeding monarch. Henry the Seventh gave them the title of Merchant Adventurers to Calais, Holland, &c.

Wheeler, who was secretary to the company in 1601, published "A Treatise on Commerce," in which he gives a full description of the nature of the traffic carried on by them. This important corporation appears to have been of great service to the Crown in advancing money by way of loan. Sir Josiah Child, in his "Interest of England considered," published in 1620, gives a copy of an acknowledgment in the hand-writing of Edward the Sixth, as follows:—"Because I had a pay of £48,000 to be paid in December, and had as yet but £14,000 beyond sea to pay it withall, the merchants did give me a loan of £40,000, to be paid by them the last of December, and be repaid again by me the last of March." This grant appears to have been confirmed

* The article of wool was of so much importance in the time of the Anglo-Norman kings, that to have it in constant remembrance the seats of our judges and those of the peers were stuffed with it; and the Lord High Chancellor to this day sits in the House of Lords on a sack of wool.

at a meeting of the company, at which 300 merchants were present.

In "Whitelock's Memorials" it is recorded, that in 1647 the Merchant Adventurers lent 10,000*l.* towards the pay of the army; and in 1649, 10,000*l.* for the service of the navy, for which they received the thanks of the House of Commons. In the year 1661, the company consisted of 3,500 members, many of them wealthy and experienced merchants: they traded to most parts of the continent of Europe. Their charter of this year confirmed to them all their ancient privileges, allowing them to have officers in the Custom House. This gave great offence to a large number of traders not connected with the corporation, who in the following year petitioned Parliament for its suppression: the result, according to a tract, published in 1689, called "Reasons humbly offered," was "a temporary liberty granted to all persons to buy and export our woollen manufactures; but so far was it, on trial, from answering the end proposed, that the very clothiers themselves in the following year petitioned that the said liberty might be revoked, and it was revoked accordingly."

The Merchants of the Still Yard or Steel Yard, so called from the steel imported by them, was another ancient corporation, established in the reign of Henry the Third: they were principally German merchants trading with London, who were endowed with many important privileges, and were exempted from several fiscal duties paid by other aliens. Previously to the year 1284, they were not permitted to rent any houses or warehouses in London, but lodged during their stay with the brokers who sold their produce for them. When, however, they were permitted to occupy houses and warehouses of their own, they no longer employed the brokers, but sold their merchandise themselves, in the sale of which they practised many frauds, particularly

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in their weights. They were detected in the year 1286, when many of them were sent to the Tower, and, according to Fabian, their weights were publicly burnt.

Sir John Haywood, in his "Life and Reign of Edward the Sixth," gives some account of the dissolution of this corporation. He says, "The Merchant Adventurers exhibited a Bill at the Council Table against the Merchants of the Still Yard. After answer by those of the Still Yard and reply by the Adventurers, it was determined, after examining their various charters, that the Merchants of the Still Yard were no sufficient corporation, as their numbers, names, and nation could not be known; and their dissolution followed."

In the year 1597, Queen Elizabeth issued a commission to the Mayor and Sheriffs of London to shut up the house inhabited by the Merchants of the Steel Yard in London,* and ordered all the merchants to quit her dominions: from this time the Steel Yard was never again used for a like purpose.

While the Exchequer might be considered the royal Bank and Treasury, while the brotherhood of St. Thomas à Becket and the Merchants of the Steel Yard appeared in the double capacity of merchants proper and of the modern loan contractors, the business now carried on by our Rothschilds and Barings, of foreign bankers and dealers in foreign bills of exchange, was the subject of a royal monopoly.

The Cambium Regis, or Royal Office of Exchange, was undoubtedly the least vigorous of all the institutions of the Plantagenet kings, and on that account we can trace but few of its proceedings.

In the famous collection of English records in the Fœdera, however, there is a circumstantial account of a grant by King Henry the Fifth to Lewis Johan, whom

* "Anderson's History of Commerce," vol. ii. p. 192

he calls his servant, or to his deputy for three years, of the sole privilege of taking or receiving monies by exchange of any persons who had occasion to visit Rome, Venice, or any other place where the Pope may reside, or who may have business to transact with any merchant abroad. For which monies so received, he or his deputy was to deliver bills of exchange payable in those parts; and for this privilege he was to pay to the king 200 marks yearly.

In the reign of Henry the Seventh, the revenue derived from this office was farmed to individuals: it was granted by this king for one year to Peter Corsy, a Florentine, who, by the king's authority, was to take three pence for the exchange and rechange of every gold ducat. For this privilege he was to pay the king £250 sterling. The grant was styled "the custody of the increase of the change, exchange, and rechange," and was in the subsequent reign granted to Thomas Boleyn, father of the unfortunate Ann Boleyn, who was the last that enjoyed the office.

The father of Sir Thomas Gresham held the office of King's Exchanger—or King's Agent, as the office was then called—and was much esteemed by Henry the Eighth, and also by Wolsey. On the occasion of the cardinal being deprived of the great seal, he was heard to say, that what grieved him most, after the displeasure of the king, was, that he would not now be able to pay to Mr. Gresham the two hundred pounds which he was indebted to him.

Sir Thomas succeeded his father in his royal office; but was superseded by Queen Mary on her accession to the throne, and afterwards restored.

He was one of the first English merchants that traded to the East Indies; and, having fitted out several ships, he miscalculated the time at which they would return, a circumstance that caused him much embarrassment.

He, however, soon recovered from this temporary inconvenience. One day, while despondingly walking about the Bourse, or Exchange, which was then held in Lombard-street, a sailor presented him with a letter from the captain of one of his ships, which contained the gratifying information that two of his ships had arrived safe from the East Indies; and that the box which the bearer would deliver contained some diamonds and pearls of great value, as a sample of the riches the ships had brought home.*

Sir Thomas was about this time very wealthy: he built a sumptuous house on the west side of Bishopsgate-street, afterwards known as Gresham College.†

Queen Elizabeth employed Sir Thomas Gresham in many intricate and confidential negotiations with foreign powers, both in reference to her pecuniary and mercantile affairs, on which account he was called the Royal Merchant; and his house was sometimes appointed for the reception of foreign princes upon their arrival in London.

The following singular anecdote is related of this princely merchant.

The Spanish ambassador to the English Court having extolled the great riches of the king his master, and of the grandees of his kingdom, before Queen Elizabeth, Sir Thomas, who was present, told him that the queen had subjects who, at one meal, expended not only as much as the daily revenues of his king, but also of all his grandees; and added, "this I will prove any day, and lay you a considerable sum on the result."

The Spanish ambassador soon after came unawares

* The statue of Sir Thomas Gresham, which was very appropriately placed in the old Royal Exchange, represented him as holding an open letter in his hand; of the import of which the above incident is understood to have been an explanation.

† This house was pulled down some years ago; and the present Excise Office built on the site.

to the house of Sir Thomas, and dined with him; and, finding only an ordinary meal, said, "Well, sir, you have lost your wager." "Not at all," replied Sir Thomas; "and this you shall presently see." He then pulled out a box from his pocket, and, taking one of the largest and finest eastern pearls out of it, exhibited it to the ambassador, and then ground it, and drank the powder of it in a glass of wine, to the health of the queen his mistress. "My Lord Ambassador," said Sir Thomas, "you know I have often refused 15,000*l.* for that pearl: have I lost or won?"

"I yield the wager as lost," said the ambassador; "and I do not think there are four subjects in the world that would do as much for their sovereign."*

Sir Thomas appropriated a great portion of his vast wealth in the erection of public edifices. He built the Royal Exchange, and founded Gresham College, which he endowed with six professorships: viz. divinity, law, physic, philosophy, astronomy, and music, with fifty pounds per annum to each, so that they might give gratuitous lectures on those sciences to the citizens of London for ever. He also left, by will, considerable donations to public charities.

In an abstract of the Records of the Tower, compiled by Sir Robert Cotton, we find a recommendation to the king, Charles the First, "to erect again the Cambium Regis, his own Exchange, an office as ancient as before Henry the Third, and so continued until the middle of Henry the Eighth; the profit of it being now engrossed amongst a few goldsmiths, and would yield about 2,000*l.* a-year if it was heedfully regarded."

Charles, partly from his necessitous condition, and partly from a tenacity to uphold the prerogatives of the Crown, was not slow in taking advantage of this recom-

* "Guide to London," 1726.

mendation; and in the year 1627 he issued a proclamation, granting to "Henry Earl of Holland and his deputies the office of our Changes, Exchanges, and Outchanges whatsoever, in England, Wales, and Ireland."

This proclamation expressly prohibited the bankers from making the said exchanges.

A pamphlet was published in the following year by the king's authority, called, "CAMBIUM REGIS, OR THE OFFICE OF HIS MAJESTY'S EXCHANGE ROYAL, DECLARING AND JUSTIFYING HIS MAJESTY'S RIGHT THERETO AND THE CONVENIENCY THEREOF."

This pamphlet states that the prerogative of exchange "has always been a flower of the Crown," of which instances are quoted from the time of Henry the First; "that King John farmed out the office for 5000 marks; that the place or office, the Exchange, was made in his reign, was near St. Paul's, in London, and gave name to the street still called 'Old Change;' that this method continued till the time of King Henry the Eighth. The allowance in the old Cambium Regis was 1*d.* and sometimes 1½*d.* exchange upon the value of every noble of 6*s.* 8*d.*, which yielded a considerable revenue."

Against the revival of this Royal Exchange the Goldsmiths' Company of London petitioned the king, as did also the Lord Mayor, Aldermen, and Common Council. The king replied, "Trouble me no more in the matter, since my right to the office is undoubtedly clear."

The patent was, however, never acted upon, and the office has entirely ceased, and will never, we imagine, be attempted to be revived by any future sovereign. An arbitrary monarch may interpose in the bargains and relations subsisting among his own subjects; but it is without the pale of his power to enforce a discipline in the transactions between his own subjects and those of other sovereigns. He may levy duties on exports and

imports, and "crib, cabin, and confine" the mercantile operations of both subjects and foreigners as regards his own kingdom; but the arbitration of exchange is far beyond his power: it is a matter which has ever been exclusively controlled by the extent of the commercial operations of nations trading with each other.

In addition to the business of receiving monies from parties going abroad, and giving them foreign money or bills of exchange, it was the duty of the officers at the king's Exchange to deliver to the coiners of money throughout England their coining-irons, which consisted of one standard, or staple, and two puncheons; and when the same were worn out, to receive them back, with an account of what sums had been coined, and also the pix or box of assay, and to deliver other irons newly engraven.

This part of the business was under the immediate control of "the Company of Moneyers;" a company still in existence, though instituted at so early a period that its origin cannot be ascertained. The moneyers are the only persons mentioned in Alfred's Domesday book, or in any of the laws of the Anglo-Saxons relating to money.

They appear to have travelled in the suite of the early kings; and whenever the monarch arrived at a town where there was a mint, and required money, the moneyers were called upon to see that the coin was made from the king's bullion.

The Provost and Company of Moneyers take to themselves the title of a corporation; yet they are unable to trace when and by what authority they became incorporated: they have, however, been recognised for many centuries; and, although they cannot show any charter of association, yet the law places them in the same situation as the City of London, by prescription.

Attempts have on many occasions been made to put an end to this corporation, but hitherto without effect. So far back as 1696, a committee of the House of Commons, specially appointed to inquire into the miscarriages of the officers of the Mint, after examining various official papers, grants, &c. relating to the Mint, reported, that " they could not find any grant to the Corporation of Moneyers: they live in the country, attend the Mint whenever called, take apprentices, and form themselves into a government by electing one of them to be their provost." But no proceedings followed this report.

The business of the moneyers of the present day consists in their superintending the coinage, and providing the necessary machinery, &c. for coining the money, for which they get a per-centage on the amount coined.*

Having given due precedence to royal institutions, and to important corporations, we turn to the origin of private bankers, or money dealers.

The private bankers of England of whom we have the earliest cognizance, were in a very different position from their successors of the present day. The first were Jews, aliens in blood and religion; contemned, hated, feared, and despised. In the land of their adoption they were very soon made the victims of more barbarous cruelties and oppressions than were ever inflicted upon any people whatever.

The Jews were originally introduced into England by William the Conqueror, and to them belongs the merit

* By a return made to Parliament relative to the coinage in 1846, at page 443, vol. xxv., it appears that for the year 1844 the Company of Moneyers received as commission—

	£	s.	d.
For the gold coinage . .	11,577	0	0
„ Silver . . .	8,238	16	1
„ Copper . . .	2,067	13	4
	21,883	9	5

of benefiting commerce by that important improvement —the inventing bills of exchange. Their industry and frugality caused them to accumulate vast sums of money, which the idleness and profusion common to the English nobility in those days enabled them to lend out at a high rate of interest, upon the security of property. They were the principal artificers of the time, and wrought most of the gold and silver ornaments for the use of the churches, which on many occasions they were afterwards called upon to take as pledges for the repayment of money lent to the priors and other ecclesiastics. They were not, however, permitted to enjoy the profits of their trade unmolested; for each successive monarch extorted from them large sums of money, and that frequently by the most barbarous and cruel methods.

It was a custom among the Jews, as well as the Christians, to deposit the securities on which they had lent money in some public building; and at the general massacre of the Jews at York, in the early part of the reign of Richard the First, the gentry of the neighbourhood, who were all indebted to the Jews, ran to the cathedral, the place where their bonds were kept, and made a solemn bonfire of the papers before the altar. The compiler of the "Annals of Waverley," in relating these events, blesses the Almighty "for thus delivering over this impious race to destruction."*

It is no part of our business to describe in detail the many atrocities committed by the people of England upon the Jews. Richard the First, after the massacre above related, banished the remainder.

John, experiencing an inconvenience in their absence, tempted them to return, by the promise of allowing them to elect their own High Priest. Even the great charter of our liberties sanctions an injustice to the Jews, by enacting that "if any persons have bor-

* Hume's "History of England," vol. i. page 167.

rowed money of the Jews, more or less, and die before they have paid the debt, such debt shall not grow whilst the heir is under age."

Edward the First exceeded all his predecessors in atrocity. Fifteen thousand Jews were robbed of all they possessed, and then banished the kingdom. Tovey relates a horrible story in connexion with this event. Some of the wealthiest of the Jews, having obtained the king's permission to take with them their property, loaded a ship with immense wealth and set sail; but when they had got to the mouth of the Thames the captain of the ship cast anchor, and, it being low water, the ship rested on the sands. He then persuaded the Jews to leave the ship, and go with him on the sands, telling them the tide would not flow for a long time. Having led them some distance from the ship, and finding the tide was coming in, he stole away from them, got on board, and set sail. The wretched Jews, when they discovered their situation, called to him, imploring help; but the captain, mocking them, bade them call upon Moses, who conducted their forefathers through the Red Sea, and so left them to perish.

The captain returned to the king, to whom he related the result of his scheme, and delivered up the treasure, receiving in return both honour and reward. A partial retribution followed this atrocious crime; for by some unaccountable means the whole of the produce of the plunder was squandered, not one penny being set aside for the pious purposes which the king used as a pretext to justify his cruelty.

After this event, no trace of the existence of the Jews in England can be found till long after the Reformation, nor is it necessary for us to trace them further; but simply to record—extraordinary as it may appear, and yet what from our researches we find — that this oppressed people paid nearly one third of the whole revenue of the kingdom.

The expulsion of the Jews created great inconvenience, as there were none either to lend money or manage foreign business. At this time the family of Causini were settled as bankers in the principal cities of Italy. Being invited to England, they soon began to practise usury to a greater extent than had been done by the Jews themselves. The old course was in some measure adopted: they were threatened with banishment, and in some instances the threat was carried out. After this they conducted their business with more moderation. In process of time other Lombards settled in London, in the street known by their name, and famous throughout the civilized world as the very centre and focus of monetary transactions, extending in their ramifications to all parts of the globe.

The occupations of the Lombards, like those of the Jews, were those of the goldsmith, the pawnbroker, and the merchant; and finally that of the banker. They, too, amassed immense wealth, and had at one time in their hands an enormous amount of church revenues.

They also accommodated the kings of England with loans of money; out they were more fortunate than the Jews, for they received many marks of favour and approbation.

Each succeeding year wore away the distinctions between the Lombard goldsmith and the native Englishman; and centuries have passed since the acute Italians of the middle ages were absorbed into the great Anglo-Saxon family.

In the simple state of money-dealing which prevailed in Italy during the fifteenth and sixteenth centuries, the treasure to be lent out at interest was commonly displayed on a table or board, called Banco, and hence the origin of the term now so generally appropriated to those immense establishments which circulate the wealth and promote the trade of modern Europe.

Hence also the term bankrupt, as applied to such as were no longer able to discharge their obligations in the way of business; for when the dealer in money in former times failed to meet the claims made upon him by his professional brethren, his table or board was publicly broken in pieces, and himself declared unworthy of credit. The stigma of *bancorotto* henceforth adhered to him, and he was accordingly driven out from the society of the still solvent usurers.

It is perhaps worthy of remark, that the money-lenders among the ancients were distinguished by a similar name, derived too from a similar circumstance; viz. from the tables on which they were wont to expose their bullion, and which, like their successors the Lombards, they took care to set forth in the most public places, even in the porches and the aisles of their sacred temples.

Of the practice of the Jews it is recorded, "that upon the first day of the month Ada, proclamation was made throughout all Israel that the people should provide themselves with half-shekels, which were yearly paid towards the service of the Temple, according to the commandment of God. On the 25th Ada, they brought tables into the Temple, that is, into the outward court, where the people stood. (Exodus xxx. 13.) On these tables lay the lesser coins, which were to provide those who wanted half-shekels for their offerings, or smaller pieces of money in payment for oxen, sheep, doves, &c. which stood there ready in the said court to be sold for sacrifices; but this supply, and furnishing the people from the tables, was not without an exchange for other money or other things in lieu of money, and that at an advantage to the exchanger. Hence all those who sat at the table were called Bankers, or Masters of the Exchange."—See "Postlethwayt's Universal History of Trade and Commerce" for further information on this subject.

The principal crime laid to the charge of the Jews and the Lombards was that of practising usury: this offence was in the estimation of the Church so heinous, that it invariably placed all those who took money at usury in the highest rank of excommunicated persons: to such were attributed the omitting of every good, and committing of every evil.*

The enemies of interest made no distinction between that and usury, holding any increase of money to be beyond all question usurious, and this opinion they grounded on the prohibition of it by the Law of Moses; but the Mosaical precept was clearly a political, and not a moral, precept. It only prohibited one Jew from taking interest from another; but in express terms (Deut. xxiii. 20) permitted him to take it of strangers.

In the dark ages of monkish superstition, such were the ignorance and bigotry of our rulers, that we find in the year 1342, King Edward the Third caused a statute to be passed, "prohibiting usury or interest for money, as being the bane of commerce."

The 37th of Henry the Eighth, cap. 9, is the first statute legalizing the taking of interest, the rate of which was fixed at ten per cent. per annum. In the reign of Edward the Sixth, religious zeal prohibited all interest. The statute of Henry the Eighth was revived by the 13th Elizabeth, cap. 8, which declared that "all brokers shall be guilty of *præmunire* that transact any contracts for more than ten pounds to the hundred, and the securities themselves shall be void."†

Ten per cent. continued the legal rate of interest till

* In vol. ii. p. 332, of the Rolls of Parliament, there is a petition of the Commons to the king, Edward the Third, praying that the Lombards, following no other mystery but that of broker, may be banished the realm on account of their usury, and being spies, and "*Ont ore tard menez deins la terre un trop horrible vice q' ne fait pas a nomer*," &c.

† Parties convicted of this offence were, according to Sir Edward

the 21st James the First, cap. 1, which enacted that "all bonds, contracts, and assurances made after the passing of this Act for any usury above the rate of eight per cent. per annum, should be utterly void." The Act to continue for seven years; but it was by the 3rd Charles the First made perpetual.

Sir Josiah Child, in his "Discourse on Trade," remarks, that "in the year 1635, which was but ten years after the passing of the above Act, there were more merchants to be found on the Exchange of London worth each one thousand pounds and upwards, than were before the year 1600 to be found worth one hundred pounds. That the lowering of interest enables merchants to increase foreign trade, whereby home manufacturers and artificers will be increased, as also our stock of other useful people; and the poor will be employed."

The rate of interest of money was further reduced by Cromwell to six per cent.: the same reduction was re-enacted after the Restoration by statute. 12 Charles II. cap. 13; but the canon law still continued opposed to the practice of interest for money.*

By the 12th of Queen Anne, interest of money was reduced to five per cent. per annum, at which rate it still

Coke, 1 Inst. 129, "out of the king's protection, and his lands, tenements, goods, and chattels shall be forfeited to the king, and his body shall remain in prison at the king's pleasure."

* In the Homilies of the Church of England for Rogation week in use in the reign of Charles the Second, the following passage occurs:—"If the merchant and worldly occupier knew that God is the giver of riches, he would content himself with so much as, by just means approved of God, he could get to his living, and would be no richer than truth would suffer him: he would never procure his gains and ask his goods at the devil's hands."—"God forbid, ye will say, that any man should take his riches of the devil. Verily, so many as increase themselves by usury, by extortion, by perjury, by stealth, by deceit, and craft, they have their goods at the devil's gift," &c.

continues, except as applied to loans on personal security by bills of exchange, not having more than twelve months to run.*

These alterations in the law proceeded *pari passu* with the gradual changes which took place from time to time in our commercial system; and as the business of banking began to unfold its various uses, the monetary operations of the country, which had previously been discharged by different hands, were centred in one distinct pursuit.

Very few of the writers on our monetary system take notice of the important part which interest of money performs in our financial operations, and the tendency it has to centralise capital; for undoubtedly some men through such operations accumulate immense wealth; and, provided the length of the lives of the great capitalists was not confined to the ordinary limits of man's existence, they would be the only possessors of money, leaving thousands pennyless; for, "whatever store of sap the tree hath, yet many sprigs and leaves wither for want thereof." Nature, however, finds a remedy for man's folly: by the time a man has by compound interest doubled his capital, it is rare that another period is permitted him to double it a second time, and by his death his accumulated wealth is distributed among his relatives or friends.

Our history of the progress of banking, and its inseparable companion, the doctrine of interest of money, has now reached that point when the practice and principles of the science assumed a definite form. Before, however, we proceed further in our history of banking, our consideration must be directed to an important collateral branch of our subject; viz. Bills of Exchange, and the laws respecting them.

* See 3 and 4 Will. IV. and subsequent Acts renewing the same.

CHAPTER II.

ON BILLS OF EXCHANGE.

Introduction of Bills of Exchange—First use made of them in England—Form of a Bill in the year 1235—Copy of a Bill in 1589—Modern form introduced by the Goldsmiths—Negotiating of Foreign Bills a royal prerogative—Legalizing of Bills of Exchange 9 & 10 Will. III.—Nature of Bills of Exchange—Difference between Bank Notes and Bills of Exchange—Difference between Bankers' Bills and Mercantile Bills of Exchange—On days of grace—On Foreign Bills and Exchanges—Contrast between the Trade of England with America and that of other countries—Blackstone's definition of a Bill of Exchange—Sir John Bayley on Bills of Exchange, Promissory Notes, and Cheques—The laws and customs respecting them—The late Mr. Rothschild—Mr. Rose and "Rothschild's Pillar."

THE immense advantages that the invention of bills of exchange has conferred on the commerce, not only of this but of all other countries, and their intimate connection with the practice of banking, necessarily compel us to devote considerable space to the consideration of their origin, the practice of merchants and traders in respect to them, and the laws which regulate them in this country.

The Jews, as we have elsewhere observed, were the first inventors of bills of exchange, so called because they afforded the means by which the commodities of one country were readily exchanged for those of another; but, as England during the time of the Anglo-Norman kings had no foreign trade, their use was little known; yet we find that, in the reign of Henry the Third, by the advice of the Bishop of Hereford, such instruments were employed to a very pernicious purpose.

Henry having contracted an immense debt to the Pope, who became very importunate for its settlement, the bishop suggested to the king the following scheme for the payment of his debts without money:—That cer-

tain Italian merchants to whom the Pope was indebted should draw bills in favour of their creditors on all the rich bishops, abbots, and priors in England, for certain large sums of money alleged to have been lent by them to those prelates for the benefit of their churches. This iniquitous proposition was adopted by the king. The Bishop of Hereford was sent to Rome to procure the Pope's sanction, which was easily secured. Bills to the amount of 150,540 marks were drawn, and forwarded to the Pope's Legate in England; and the prelates, after many remonstrances and threats of excommunication, were compelled to pay them.

Matthew Paris, an English historian and Benedictine monk in the monastery of St. Albans, whose History, from William the Conqueror to the end of Henry the Third, is always quoted as an authority, in page 286 gives the form of a bill or obligation for the repayment of money upon loan, of which the following is a translation:—"To all that shall see this present writing, Thomas the Prior and the Convent of Burnwell with health in the Lord: Know ye that we have borrowed and received at London for ourselves, profitably to be expended for the affairs of our church, from Francisco and Gregorio, for them and their partners, citizens and merchants at Milan, a hundred and four marks of lawful money sterling, thirteen shillings and four pence sterling being counted to every mark; which said one hundred and four marks we promise to pay back on the feast of Saint Peter ad Vincula, being the first day of August, at the New Temple in London, in the year 1235. And if the said money be not all paid at the time and place aforesaid, we bind ourselves to pay to the aforesaid merchants, or any one of them, or their certain attorney, for every ten marks, forborne two months, one mark of money for recompense of damages which the aforesaid merchants may incur by the nonpayment of

it; so that they may lawfully demand both principal, damages, and expenses as above expressed, together with the expenses of one merchant, for himself, horse, and servant, until such time as the aforesaid money be fully satisfied. And for the payment of such principal, interest, damages, and expenses, we oblige ourselves, our church, moveable or immoveable, ecclesiastical or temporal, which we have or shall have, wheresoever they shall be found, to the aforesaid merchants and their heirs. And do further recognize and acknowledge that we possess and hold the said goods for the said merchants by way of courtesy, until the premises be fully satisfied; renouncing also, for ourselves and successors, all help of canon and civil law, all privileges and clerkship, the Epistle of St. Adrian, all customs, statutes, lectures, indulgences, and the see apostolic; as also the benefit of all appeal or inhibition from the King of England, with all other exceptions, whether real or personal, that may be objected against the validity of this instrument. All which things we promise faithfully to observe; and in witness thereof have set hereto the seal of our Church. London, 24 April, Anno Domini 1235."

The above form was subsequently much abridged, as appears by the following, which is a copy of a bill in the reign of Elizabeth:—

"Witnesseth this present bill of exchange, that I, Robert Anderson, merchãt of the city of Bristowe, doe owe vnto Thomas Mun, merchãt of the said city, the summe of 100 duckets; I say an hundred duckets of currant monie of Spaine, accompting after 11 rials of plate to the ducket; to be paid vnto the said Thomas Mun, or his assignes, within 10 daies next and ymmediatelye after the safe arrivall of the good ship called the Gabriel of Bristowe to the port of S. Lucai in Andalouzia in Spaine, or any other port of the discharge. And for the true paiment thereof I, the above named Robert

Anderson, do bind me, my goods, my heires, executors, and assignes, firmly by these presents. In witnesse of the truth, I have caused two of these billes to bee made (the which the one being paied, the other to be voide), and have put my firme and seale vnto them, and deliured them as my deed in Bristowe, the 15 day of September 1589, and in the 31 yeere of our Soueraigne Queene Elizabeth her Maiesties reigne," &c.

It is evident that these bills were steps towards paper credit—a mode of representing debts by tangible and transferable instruments, which might be pledged or given to a third party to receive; for, although the words "or order," which brevity and custom have since that remote period introduced, are not be found in them, it is evident that, provided the parties to whom they were originally given put their names in due form of assignment, they could be transferred.

The author of a work entitled "Lex Mercatoria," published in 1622, mentions bills of debts or bills obligatory being in use among the Merchant Adventurers at Amsterdam, Middleburg, and Hamburg, and that to give currency to such bills it was the custom to put a seal upon them. The author recommends the adoption of such a mode in this country, and gives the following form, considering it as a thing scarcely known:—

"I, A. G., merchant of Amsterdam, do acknowledge by these presents to be truly indebted to the honest X. Y., English merchant dwelling at Middleburgh, in the sum of one hundred pounds, current money, for merchandize, which is for commodities received of him to my contentment; which sum aforesaid I do promise to pay to him, the said X. Y., or the bearer hereof, within six months next after the date of these presents. In witness whereof, I have subscribed the same at Amsterdam, this tenth day of July, 1662."

A remark made by this author is worthy of attention:

he says, "The civil law and the law merchant do require that the bill shall declare for what the debt groweth, either for merchandize or money, or any other lawful consideration."

In the year 1651 the present method of making payments by the endorsement on bills of exchange was recommended by William Potter, in his "Key of Wealth." To give currency to such bills, he proposed "that they should be payable before any debts whatever, as if a man had confessed a judgment of his whole estate by the payment thereof."

The origin of the present form of a bill of exchange is attributable to the goldsmiths of London, who were the first bankers who circulated paper money: their bills were called "goldsmiths' notes."

In the year 1697, inland bills of exchange were, for the first time, declared legal instruments: this had been found necessary to enable the Bank of England to advance money upon them. Whether the notion of the illegality of transferring notes and bills originated in any Act of Parliament expressly made for that purpose, or solely in the common law interpretation of the Acts against champerty, we have not been able to discover.

In the 9th and 10th of William the Third, cap. 17, is the following clause, for the better regulating the payment of bills of exchange:

"That all bills of exchange drawn in England for five pounds and upwards, on any other place in England, and payable a certain number of days, weeks, or months after date, shall, from and after presentation and acceptance (which acceptance shall be by the underwriting the same under the party's hand so accepting), and after the expiration of three days after the said bill shall have become due, the party to whom the said bill is made payable, his servant, agent, or assigns, may and shall

cause the said bill to be protested by a notary public, or any other substantial person of the city, town, or place, in the presence of two or more witnesses, refusal or neglect being first made of due payment; which protest shall be first made and written under a fair written copy of the said bill, signifying that—

"I A. B. on the day of at the usual place of abode of the said C. D., have demanded payment of the bill, of which this is a copy, which the said C. D. did not pay; wherefore I, the said A. B., do hereby protest the said bill, dated the , which protest shall, within fourteen days after, be sent, or otherwise due notice shall be given thereof, to the party from whom the bill was received; and who, upon producing such protest, shall re-pay the said bill, together with interest and charges. And in default of such protest, of which only sixpence shall be charged, or due notice, the person so failing shall be liable to all costs, damages, and interest accruing thereby. Provided, that if any such bill be lost or miscarried within the time limited for payment, the drawer shall be obliged to give another bill, the person to whom it is sent giving security, if demanded, to the drawer, to indemnify him in case the lost bill should be found again."

The law of bills of exchange has undergone numerous revisions since this Act was passed; yet, as it is the first of the kind that we have met with, we consider that, on that account, its insertion here was requisite.

Instruments more perfect than bills of exchange, for the objects for which they were invented, could not possibly be devised or desired. No cumbrous deeds to settle or engross; no lawyer, witness, or travelling expenses; no time lost in completing the security; easily transmitted from one to another, and having in law all the power and validity of the most formal instrument.

All these advantages combined, make them for all

the purposes of commerce better than any other description of security: passing as they do from hand to hand, their security increases at every stage, each party to a bill becoming responsible to the last endorser for its payment, in the event of its dishonour.

Many persons, however, unconnected with business, still entertain antiquated prejudices, and look with a degree of suspicion on all transactions which are conducted through the medium of bills of exchange. They do not give themselves the trouble to reflect, that nearly nine-tenths of the business carried on throughout the whole of Great Britain is effected through the instrumentality of debts and obligations payable at some future period.

The means of arriving at a knowledge of the actual amount of bills of exchange in circulation at any one time are very limited; yet by taking the amount paid for bill stamps, as returned by the Stamp Office, and by averaging both the dates and amounts of bills answering to the several denominations of stamps in that return, something like an approximation to the total amount may be arrived at. In this way the late Mr. Leatham, a banker at Wakefield, estimated the amount of bills of exchange circulated in England in the year 1839 to be 528,493,842*l.*, and the amount of bills out at one time to be 132,123,460*l.* "How magnificent," adds Mr. Leatham, "and yet how fearful to contemplate, that this immense amount should be deranged, and in the greatest disorder, as I saw it in 1825–6."*

We quote a few of the articles comprehended in the above amount, as delivered in evidence before a Select Committee of the House of Lords in the session of 1841, on "Interest of Money."

Sugar 13,000,000*l.*, Tea 6,000,000*l.*, Coffee 2,000,000*l.*, Tobacco 5,000,000*l.*, Wine and Spirits 7,000,000*l.*, British spirits 11,000,000*l.*, Cotton 10,000,000*l.*, Silk 3,000,000*l.*

* See his Letter to Charles Wood, Esq. on the Currency.

The average date of bills drawn in this country by the trades, or by the bankers to represent transactions in trade, are almost all of them within three months, excepting those from the manufacturing districts of Manchester, Birmingham, Sheffield, and Leeds, which are generally at three and four months after date.

Although there are many points in which a bill of exchange and a bank note closely resemble each other, there are others in which there is a distinct and material difference between them. A note purposes to be payable on demand; it is not endorsed by a holder on his paying it away; the party receiving it has no further claim on the party from whom he received it, in the event of the failure of the issue, should he not demand payment within a reasonable time after he has received it. The question of what is a reasonable time is generally left to a jury.

The principal distinction between bank notes and bills of exchange is, that every individual on passing a bill to another has to endorse it, and by so doing renders himself responsible for its due payment. "A bill circulates," says Mr. Thornton in his treatise on Paper Credit, "in consequence chiefly of the confidence placed by each receiver of it in the last endorser, his own correspondent in trade; whereas the circulation of a bank note is owing rather to the circumstance of the name of the issuer being so well known as to give it universal credit."

Notes form the currency of all classes, not only of those who are, but of those who are not, engaged in trade. Bills on the other hand pass only, with few exceptions, among persons engaged in business, who are fully aware of the risks they run in taking them. There is plainly therefore an obvious distinction between the two species of currency; and it cannot be fairly argued, that, because Government interferes to regulate

the issues of one, it should also regulate the issues of the other.

There is also a difference between bankers' bills of exchange and mercantile bills of exchange, inasmuch as the former are essentially in their nature the same as bank notes payable on demand; but they are less secure than notes payable on demand, because the banker may fail before the bill becomes due.

The issue by a banker of his bill is not a proof of any transaction in trade; it is a mere exchange of credits. The banker creates, and puts out, a piece of paper that will circulate against one or many that will not circulate. The banker's bill of exchange will circulate, because the confidence in his ability to pay the bill at maturity is undoubted: the difference therefore between the bill of exchange which the banker creates entirely upon himself, and those other bills of exchange which are created by the customers of the banks, is, that the latter are the real types of the quantity of business done upon credit, whilst the credit which circulates is the quantity which the banker chooses to send out of either sort.

All bills drawn at any place in Great Britain by parties who have not compounded for the duty, must be drawn on a stamp, and according to a scale settled by parliament. All bills drawn out of England are exempt from such stamps, and are called foreign bills, and are usually drawn in sets of three bills, beginning with "Pay this my first of exchange, second and third not paid;" or "Pay this my second of exchange, first and third not paid;" or "Pay this my third of exchange, first and second not paid."* The party drawing these bills usually sends one to his correspondent in London, to obtain its acceptance by the party on whom it is drawn; and he either sends the other, when only two are drawn, to any one to whom he has to make a re-

mittance, or sells it at the exchange of the day at the place in which he resides. In the two latter cases, a memorandum is made at the bottom of the bill, intimating that "the first accepted with A. B. and Co. Lombard Street, London;" and, on the production of the bill put in circulation, A. B. and Co. deliver up the accepted bill, when they are negotiable here as one bill.

It is almost an universal custom among merchants in all parts of the world, that a person to whom a bill is addressed shall be allowed a few extra days beyond the time named on the bill for paying the same, called "days of grace," originally so called because they were gratuitous: they are now demanded as a right.

In great Britain and Ireland three days are allowed; in other places more. If the last of these three days happen to be on a Sunday, the bill is payable on the Saturday preceding; so that in fact such bills have only two days' grace; but days of grace are not allowed on bills payable at sight.

If bills become due on Sunday, or on such days on which the law forbids business to be done, payment must be demanded or protest made for nonpayment on the preceding day.

When a bill is drawn payable on a given day, three days' grace are allowed; but if the bill expresses that it is payable on the day of the week, say Wednesday, the 28th January, the days of grace are not allowed, but the bill must be paid or protested on the Wednesday.

When the time of payment is limited to months, such time must be computed by calendar not lunar months; and when one month is longer than the succeeding, it is a rule not to go, in the computation, into a third. Thus with a bill drawn on the 28th, 29th, 30th, and 31st January, payable one month after date, the time expires on the 28th of February; and, adding the three

days' grace, all bills drawn on those days will consequently be due on the 3rd of March, with the exception of Leap Year, when bills drawn on the 28th January, at one month, will be payable on the second of March. When a bill is made payable so many days after sight, or from the date, the day of presentation or date is excluded.

Almost all bills drawn abroad are drawn at one or more usances either after sight or date. The Italians say *uso doppio* for double usance or two usances. The term is longer or shorter according to the different countries. In France the usance for bills drawn from Spain and Portugal is sixty days' date; from other countries thirty days' date. Bills are generally drawn on Amsterdam, Cadiz, Genoa, Hamburgh, Leghorn, London, Madrid, Naples, and Venice, at sixty days' date. Marseilles, however, draws on Genoa at thirty days', and on Leghorn and Naples at forty-five days' date. Ten days' grace are allowed on bills payable at one or more usances, at so many days' date or sight, or on a special day; but bills drawn *à vue* must be paid on presentation. Bills made payable at a fair must be settled on the last day, or on the very day if the fair lasts but one day. In London the usance for bills drawn from Holland, Germany, or France, is one month; from Spain and Portugal, two months; and from Italy three months, all after date: the days of grace are the same as on inland bills.

The usance at Venice for bills drawn from London is three months after date: six days' grace are allowed, after which they must be either paid or protested. Protests are made by the *fanti* or clerks of the commercial college, who enter all the bills they protest in a book, to which every merchant has free access. Thus many bills which would otherwise be returned are accepted, and paid for the honour of the drawer or

endorsers. This practice is also useful in giving early notice of approaching insolvency.

There are two classes of persons in this country whose business is almost exclusively confined to dealing in bills of exchange, viz. bill brokers and foreign exchange brokers: the former may be said to be the middle party between those who have money to lend, and those who wish to borrow. They were on their first introduction barely tolerated; but, from the high character of one house, a bill broker may now walk Lombard-street with his head erect.

Bankers find in bill brokers useful instruments for employing their surplus capital. Yet, seeing that the best and indeed the only legitimate mode of employing money by bankers is that of discounting bills, the transferring of any portion of such business to bill brokers is somewhat anomalous.

"A bill broker," says Mr. Windham Beawes, "ought to be a man of honour, and know his business. he should avoid babbling, and be prudent in his office, which consists in one sole point, that is, *to hear all and say nothing;* so that he ought never to speak of the negotiations transacted by means of his interventions."

The business of foreign exchange brokers consists in transacting the details attending the negotiation of foreign bills of exchange: they procure money for bills on foreign merchants, and procure bills for those who have payments to make to their foreign correspondents, all which is transacted on the Royal Exchange every Tuesday and Friday.

The rate of the different exchanges on every country in Europe is then and there fixed by the principal brokers, which rate, so agreed on, is on those days the standard for every negotiation.

A broker, by knowing the mutual wants of merchants, is a most important and useful intermediate agent in

this case; and, when an intelligent man, he knows the general situation of the balance between any two countries; and, as it is his interest that all transactions passing through his hands should be on a fair principle, the rate of exchange is generally fixed with more accuracy than it would be if the merchants were to transact the business directly with one another; for, being interested in concealing their transactions from each other, they could not so well understand the situation of the market.

The course of exchange between countries is primarily regulated by the relative value of the current specie in each respective country. Those which have a great diversity of circulating specie generally regulate their currency by reckoning an agio, which varies in different countries. Bills drawn in Great Britain upon Hamburgh or the Netherlands are considered payable in banco, that is to say, in money, either real or fictitious, of a certain standard value; and the party on whom such bills are drawn, sometimes receives, but mostly pays, an agio or discount proportioned to the intrinsic value of the currency.

All bills drawn on Great Britain are supposed payable in the standard coin of the kingdom: there is consequently no necessity for an agio; yet the exchange is more or less favourable according to the purity or deficiency of the current specie, or from any sudden increase or diminution of the bills drawn in one country upon another.

The par of the currency of any two countries means, among merchants, the equivalence of the certain amount of the currency of the one in the currency of the other, supposing the currencies of both to be of the precise weight and purity fixed by their respective mints. Thus, according to the mint regulations of Great Britain and France, one pound sterling is equal to 25 francs 20

cents, which is said to be the par between London and Paris. And the exchange between the two countries is said to be at par when bills are negotiated on this footing; that is, for example, when a bill for 100*l.* drawn in London is worth 2520 francs in Paris, and conversely. When 1*l.* in London buys a bill on Paris for more than 25 francs 20 cents, the exchange is said to be in favour of London and against Paris; and when, on the other hand, 1*l.* in London will not buy a bill on Paris for 25 francs 20 cents, the exchange is against London and in favour of Paris.

When a merchant in London wishes to discharge a debt due by him in Paris, he makes it his business to ascertain, not only the state of the direct exchange between London and Paris, but also the state of the exchange between London and Hamburgh, Hamburgh and Paris, &c.; for it frequently happens that it may be more advantageous for him to buy a bill on Hamburgh, Amsterdam, or Lisbon, and to direct his agent to invest the proceeds in a bill on Paris, rather than remit directly to the latter place.

Dr. Kelly, in his "Universal Cambist," gives the following account of the manner in which a very large transaction was actually conducted by indirect remittances. In 1804, Spain was bound to pay to France a large subsidy; and in order to do this three distinct methods presented themselves.

First—To send dollars to Paris.

Second—To remit bills of exchange directly to Paris.

Thirdly—To authorise Paris to draw directly on Spain.

The first of these methods was tried, but it was found too slow and expensive; and the second and third plans were considered likely to turn the exchange against Spain. The following method, by the indirect or circular exchange, was therefore adopted.

A merchant or *banquier* at Paris was appointed to

manage the operation, which he thus conducted:—He chose London, Amsterdam, Hamburgh, Cadiz, Madrid, and Paris, as the principal hinges on which the operation was to turn; and he engaged correspondents in each of these cities to support the circulation. Madrid and Cadiz were the places in Spain from whence remittances were to be made; and dollars were, of course, to be sent where they bore the highest price, for which bills were to be procured on Paris, or on any other places that might be deemed more advantageous.

The principle being thus established, it only remained to regulate the extent of the operation, so as not to issue too much paper on Spain, and to give the circulation as much support as possible from real business. With this view, London was chosen as a place to which the operation might be chiefly directed, as the price of dollars was then high in England, a circumstance which rendered the proportional exchange advantageous to Spain.

The business was commenced at Paris, where the negociation of drafts issued on Hamburgh and Amsterdam served to answer the immediate demands of the State; and orders were transmitted to these places to draw for the reimbursements on London, Madrid, or Cadiz, according as the course of exchange was most favourable. The proceedings were all conducted with judgment, and attended with complete success. At the commencement of the operation the course of exchange of Cadiz on London was 36*d.* but, by the plan adopted, Spain got $39\frac{1}{4}$, or about 8 per cent. by the remittance of dollars to London, and considerable advantages were also gained by the circulation of bills through the several places on the continent.

While on the subject of exchanges we cannot avoid adverting to a remarkable contrast between the trading of England with America as compared with that of all

other commercial nations. When cotton is purchased in America for the English market, the shipper values on the merchant or manufacturer to whom the cotton is consigned by a bill or bills of exchange, drawn at 60 days' sight, for the value of the purchase, together with his commission of 5 per cent., and has the facility of disposing of his bills in his own market.

When goods are purchased in this country for the American market, the buyer, instead of drawing direct on the houses in America to whom the goods are consigned, values on a house in London, and the bills so drawn are accepted on commission. Herein a remarkable contrast in the trade from England to America, as compared with the trade from America to England, presents itself.

For what is imported into England a pledge is given to pay in 60 or 90 days, after receiving the bills of lading, by accepting a bill or bills of exchange, while, for what is imported to America, no pledge of the kind is afforded. There is merely an understanding that funds are to be forthcoming in time to meet the payments to which the shipper has pledged his name. In the one case, the party's name is pledged to a definite moment in his own market, where credit is of the utmost importance to him; in the other case, the name of an agent in another market is pledged for the due performance of the contract, the party really liable not being responsible for the consequence of delayed payment.

To place the trade of America on the same footing as all other commercial nations has long been a desideratum. Numerous appeals, in the shape of pamphlets and other publications, recommending the adoption of a course of exchange between the two countries, have brought conviction to the mind of almost every mercantile man; yet, strange to say, no step has yet been taken

to effect the object: it is an evil which must ultimately work its own cure.

We now proceed to advert to some of the legal definitions of bills of exchange and the laws respecting them.

Blackstone has defined a bill of exchange as an open letter of request from one man to another, desiring him to pay a sum named therein to a third party on his account, either on demand or at a certain number of days after date or after sight.

The person who makes or draws a bill of exchange is termed the drawer; he to whom it is addressed is, before acceptance, called the drawee, and after the acceptance the acceptor: the person in whose favour it is drawn is termed the payee, and, when he indorses the bill, the indorser; and the person to whom he transfers it is called the indorsee; and in all cases the person in possession of the bill is called the holder. Besides these immediate parties, a person may become interested in a collateral way, as, when the drawee refuses to accept, any third party, although his name does not appear on the bill when first drawn, may accept, after protest for non-acceptance by the drawee, for honour of the bill generally, or of the drawer, or of any particular indorser; in which case such an acceptance is an acceptance *supra protest*, and the person making it is styled the acceptor for the honour of the person or persons on whose account he comes forward, and he acquires certain rights and subjects himself to nearly the same obligations as if the bill had been directed to him. A person may also become a party to the instrument by paying it *supra protest* either for the honour of the drawer or indorsers. When a party residing abroad draws or indorses a bill of exchange, which he has reason to suppose will not be honoured, either by acceptance or at maturity, he affixes a notice on the bill to the following effect:—"In

case of need apply to A. B. and Co. Lombard-street." In compliance with such notice, the bill, if dishonoured, is protested, and presented to the parties so referred to, and if regular in every other respect is accepted or paid, according to the circumstances of the case. The immense advantage of this arrangement may be judged of, if we suppose the case of a merchant at Constantinople indorsing a bill, and, after referring it, in case of need, to his correspondents in London, at which place it is made payable, transmits it to Spain, from whence it is sent to Leghorn, and subsequently to London, passing in its transit through the hands of several parties, all of whom affix their names to the bill; and, should it be dishonoured when at maturity, instead of retracing its course through the hands of the several parties who have indorsed it, is at once paid under protest, for honour of the indorser at Constantinople, and transmitted direct to him.

All parties, whether merchants or not, above the age of twenty-one years, having capacity and understanding, may be parties to a bill of exchange. An infant cannot be bound by a bill or note drawn by him during his nonage, even should it be given for necessaries; but, as the contract of an infant is only voidable, and not void, an express promise of payment after he attains his full age will render him liable.

There are two principal qualities essential to the validity of a bill or note: first, that it be payable at all events, not dependent on any contingency, nor payable out of a particular fund; and secondly, that it be for the payment of money only; and not for the payment of money jointly with the performance of some act, or in the alternative.

If the bill or note be insufficient in its formation, in either of these respects, it will not become valid by any

subsequent occurrence rendering the payment no longer contingent.*

The records of our courts of law contain innumerable cases in which parties have failed in establishing their claim against the issue of a bill which makes the payment contingent on any event than the failure of the general credit of the person drawing or negotiating it.

Should any alteration, interlineation, or erasure be made in a bill of exchange, without the consent of the parties privy thereto, it will discharge them from all liabilities thereon, though the bill may afterwards come into the hands of a party not aware of such alteration.

The negotiability of a bill of exchange depends on the insertion of sufficient operative words of transfer: the usual modes of making a bill transferable are by making it payable to A. or order, or to A.'s order, or to A. or bearer, or to bearer generally.

It is not essentially necessary to insert the words "value received," they being implied in every bill and indorsement, as much as if they had been expressed *in totidem verbis;* but to entitle the holder of an inland bill or note for payment of 20*l.* and upwards to receive interest and damages against the drawer and indorser, in default of acceptance or payment, these words should be inserted, as laid down in 9 and 10 Will. III. c. 17; 3 and 4 Anne, c. 9.

A bill of exchange is presumed to have been made upon a good and valuable consideration; but between the drawer, the acceptor, the indorsee, and his immediate indorser, the legality or want of consideration,

* In a case Kingston v. Long, 25 Geo. III. an action was brought against the acceptor of a bill, which he made payable, "provided the terms mentioned in certain letters written by the drawer were complied with." The court held, "this was no bill until after such compliance, and, if it was not a bill when drawn, it could not afterwards become so."

or the insufficiency of the amount thereof, may be insisted upon by way of defence to an action on the bill. And where a bill is for accommodation, and the holder has given value only for a part of the amount, he cannot recover upon the bill beyond that amount.

The non-acceptance of a bill of exchange on presentation is the dishonour of the bill; and when notice of such refusal to accept is given to the parties interested in the bill in due course, the holder may insist on the immediate payment of the amount from the party negotiating it.

Lord Kenyon decided, in cases of this kind, that if a bill, which is given in payment, does not turn out to be productive, it is not that which it purported to be, and that which the party receiving it expected; and, therefore, he may consider it as a nullity, and act as if no such bill had been given. When a bill has been presented for acceptance and refused, and a protest forwarded to the last indorser, it is not obligatory on the holder to present it again, even for payment, at the time it purports to be due. Take the following example:

A. B., a banker at Liverpool, forwarded to his London correspondent a bill for 200*l.*, drawn from New York, on a merchant in Broad-street. This bill was presented for acceptance and refused; due notice of its dishonour was sent to A. B., accompanied by a protest; on its maturity, it was presented for payment and protested; the letter containg the bill and protest, instead of being sent to Liverpool, was mis-directed to Edinburgh: this error was not discovered by the London house until the letter was returned to the writer, which of course was several days after, as the case occurred before the formation of railroads.

On the bill being returned to Liverpool, A. B. refused to take it back, on the ground that, not having received it in course of post, after it became due, he had con-

sidered it was duly honoured, and had paid over the money to his customer. On being reminded of the circumstance of the protest for non-acceptance, together with the fact of his not having received any intimation of its having since been accepted, together with a reference to Lord Kenyon's opinion above referred to, he reluctantly consented to take it back.*

By the 1st and 2nd Geo. IV. cap. 78. regulating the acceptance of bills of exchange, it is declared that, "Whereas according to law as hath been adjudged, where a bill is accepted payable at a banker's, the acceptance thereof is not a general but a qualified acceptance; and whereas a practice hath very greatly prevailed among merchants and traders so to accept bills, and the same have been among such persons very generally considered as bills generally accepted, and accepted without qualification; and whereas many persons have been and may be much prejudiced and misled by such practice and understanding, and persons accepting bills may relieve themselves from all inconveniences by giving such notice as hereinafter mentioned of their intention to make only a qualified acceptance thereof:—it is therefore enacted, That if any person shall accept a bill of exchange payable at the house of a banker or other place without further expression to his acceptance, such acceptance shall be deemed and taken to be, to all intents and purposes, a general acceptance of such bill; but if the acceptor shall in his acceptance express that he accepts the bill payable at a banker's house or other place *only, and not otherwise or elsewhere,* such acceptance shall be deemed and taken to be, to all intents and purposes, a qualified acceptance of such bill, except in default of payment, when such payment shall have been first duly demanded at such banker's house or

* This case actually occurred to the author, who, when a young man, committed the error of mis-directing a letter in the way described.

other place; and no acceptance of any inland bill of exchange shall be sufficient to charge any person, unless such acceptance be in writing on such bill; or, if there be more than one part of such bill, on one of the said parts."

The following extract from a Treatise by Sir John Bayley, late one of the judges of the Court of King's Bench, on the law of bills of exchange, furnishes important information as to the course to be adopted with dishonoured bills.

"Though no prescribed form be necessary for notice of the dishonour of a bill or note, it ought to import that the person to whom it is given is considered liable, and that payment from him is expected.

"The notice ought to import that the bill or note has been dishonoured: a mere demand for payment, and threat of law proceedings in case of non-payment, is not sufficient, especially if such demand be made on the day the bill or note becomes due.

"The notice must come from the holder, or from some party entitled to call for payment or reimbursement.

"If the day on which notice ought to be given be a day of public rest, as Christmas Day, or Good Friday, or a day of similar sanctity, according to the religion of the party bound to give notice, the notice need not be given until the following day; but this regulation does not extend to Scotland.

"If the holder of a bill or note place it in the hands of his banker, the banker is only bound to give notice of its dishonour to his customer, in like manner as if the banker were himself the holder, and his customer were the party next entitled to notice.

"Sending a verbal notice to a merchant's counting-house in the ordinary hours of business, at a time when he or some of his people might reasonably be expected to be there, is sufficient: it is not necessary to leave or

to send a written notice, or to send to the house where he lives: sending notice by the post is sufficient, though it be not received; and where there is no post it is sufficient to send by the ordinary mode of conveyance.

"Notice to one of several partners is notice to all; and when a bill has been drawn by a firm upon one of the partners, and by him accepted and dishonoured, it is unnecessary to give notice of such dishonour to the firm, for this must necessarily be known to one of them; and the knowledge of one is the knowledge of all.

"Upon an acceptance payable at a banker's, notice of non-payment need not be given to the acceptor, for he makes the bankers his agents; presentment to them is presentment to him.

"A person who has been once discharged by laches from his liability on a bill or note, is always discharged; and therefore when two or more parties to a bill or note have been so discharged, but one of them, not knowing of the laches, pays it, he pays it in his own wrong, and cannot recover the money from another of such parties."

It is held that a bill of exchange founded on a gambling transaction (9 Anne, c. 14) is illegal; but by the 58 Geo. III. c. 93, a "bill of exchange or promissory note, although founded on an usurious contract, does not vitiate the same in the hands of a bonâ fide holder not knowing of such usurious contract." And in general where the bill is fair and legal in its reception, a subsequent illegal contract or consideration taking place in the indorsements, &c. will not invalidate it in the hands of a bonâ fide holder.

PROMISSORY NOTES AND CHEQUES.—The chief distinction between promissory notes and bills of exchange is, that the former are direct engagements

by the drawer to pay them according to their tenor, without the intervention of a third party as a drawer or acceptor.

Promissory notes may be drawn payable on demand to a person named therein, or to order, or to bearer generally.

It was formerly questionable whether these instruments were assignable or indorsable over, within the custom of merchants, to any other person; or whether the person to whom any such note was payable could maintain an action against the person who first made and signed the same, or whether any person to whom such note should be assigned could, within the said custom of merchants, maintain any action upon such note against the person who first made or signed it.

Lord Holt ruled in Clerk *v.* Martin, that the payer, and in Butler *v.* Crips, that the indorsee, of a promissory note could not maintain an action against the maker thereof, such note not being within the custom of merchants, but it was to be considered only as an evidence of debt.

Such uncertainty in the law gave rise to great difficulty in the negociation of such instruments, and even affected the free circulation of the sealed bills of the Bank of England. It was therefore necessary, as a means of upholding the credit of bank notes, that a change should be made in the law. Accordingly an Act, 3 and 4 Anne, cap. 9, was passed, which enacted, "that all notes in writing made or signed by any person or persons, bodies politic or corporate, or by the servant or agent of any corporation, banker, goldsmith, merchant, or trader, usually entrusted by them to sign such notes for them, whereby such persons, &c. or their servant or agent, promise to pay to any other person or persons, bodies politic or corporate, to order or bearer, the money mentioned in such note shall be

construed to be by virtue thereof due and payable to such persons, &c. to whom the same is made payable; and also such note payable to any person, &c. or order, shall be assignable or indorsable over in the same manner as inland bills of exchange are or may be by the custom of merchants; and the person, &c. to whom the money is payable may maintain an action for the same, in such manner as he might upon any inland bill of exchange made according to the custom of merchants; and the person, &c. to whom such note is indorsed or assigned, may maintain an action either against any of the persons, &c. who, or whose servant or agent, signed such note, or against any of the persons who indorsed the same, as in cases of inland bills of exchange; and the plaintiff shall recover damages and costs of suit."

This statute placed promissory notes on the same footing as bills of exchange, and consequently the decisions and rules relating to the one are in general applicable to the other. A note beginning, "I promise to pay," and signed by two or more persons, is several as well as joint, and the parties may be sued jointly as well as severally; but when a promissory note is made by several, and expresses "We promise to pay," it is a joint note only.

A cheque or draft on a banker is as negotiable as a bill of exchange. In case of default of payment by the drawer, the party presenting it may maintain an action against the drawer or party paying it to him, on the consideration of transfer, unless it was expressly agreed, at the time of the transfer, that the assignee should take the instrument, assigned as payment, and run the risk of its being paid, or that he has not used due diligence in presenting the cheque for payment, in which case it will amount to payment; and, in the event of the failure of the banker, the assignor and every other party to the cheque will be discharged.

As to the precise time a cheque should be presented for payment after it has been paid away, there is some degree of uncertainty. It may, however, be collected from the cases that have been decided, that a cheque on a banker, or a cash note &c., payable on demand, if given in the place where it is made payable, ought to be presented for payment the same day it is received; or, at farthest, early on the following morning, unless prevented by distance or some inevitable cause or accident, which in all cases will excuse the neglect to make a presentment so soon as would otherwise be necessary.

In point of law there is no other settled rule than that the presentment must be made within a reasonable time, which, as observed by Lord Ellenborough, "must be accommodated to other business and affairs of life; and the party is not bound to neglect every other transaction in order to present the cheque on the same day he receives it."

Drafts or cheques for the payment of money drawn on a banker residing or transacting the business of a banker within ten miles of the place at which such drafts or orders are drawn or given, are exempt from stamp duty, provided the name of the place where such drafts or cheques are drawn is truly expressed thereon; 44 Geo. III. cap. 93.

In the foregoing pages we have given as comprehensive an account of bills of exchange as the nature of our task will admit of. Those who are desirous of further information as to the various legal points, will do well to consult Bayley, Byles, and Chitty, whose learned works on the law of bills of exchange are text books for the legal profession.

The late Mr. Rothschild was for some years previous to his death the largest operator in foreign exchanges that the present, or perhaps any age, has produced. It

may not therefore be considered out of place if we give a short account of this extraordinary man.

The founder of the house of Rothschild was Meyer Anselm, who was born in Jew's Alley, Frankfort. He was brought up with the view of being made a priest, and studied with such application as soon to become one of the most learned archæologists.

His father, however, contrary to his inclination, placed him in a counting-house at Hanover, where, although he did not renounce his taste for science, he fulfilled his commercial duties with the utmost skill and success, and ultimately became a banker at Frankfort. He died in 1812, leaving to five sons a considerable fortune and unbounded credit. On his death-bed he strongly recommended them to remain united, which advice they ever after strictly followed; and to this, in a great measure, may be attributed the unexampled success of most of their subsequent joint operations.

Nathan Meyer Rothschild, one of the five brothers, came to England in 1808, and settled in Manchester, where he acted as agent to his father in the purchase of Manchester goods for the continental markets. Shortly after, he was intrusted with large sums for investment in the various public securities in England; and the judgment he exercised was considered so sound, that he insured the patronage of the Elector of Hesse Cassel, and other German princes, and finally removed to London.

In a very few years his financial operations pervaded the whole of the continent, and exercised more or less influence in the monetary transactions of the English government. He undertook to carry out operations on a larger scale than had ever existed in Europe previous to his time.

Besides the essential co-operation of his brothers, he had agencies in almost every city, either in the old

or new world, all of which, under his directions, transacted extensive business of various kinds.

He may be said to have been the first to introduce the practice of paying the dividends on foreign loans in this country; and, to make them still more attractive, he fixed the rates in sterling money, thus avoiding all the fluctuations in exchanges. Besides his foreign loan contracts, Mr. Rothschild was a purchaser of and large dealer in all the European government securities. His great success in loan operations made it a matter almost of rivalry, with all those states who wanted to borrow money, to obtain his co-operation.

The judgment he displayed in his dealings in bullion and foreign exchanges, was, if possible, greater than in his loan contracts: devolving, as they did, wholly upon himself and his brothers, they formed a still more important feature in his general scale of profits.

His management of the business of exchanges was one of the most remarkable features in his character.

He never hesitated for a moment in fixing a rate either as a drawer or purchaser of a foreign bill of exchange on any part of the world; and his memory was so retentive, that, notwithstanding the multifarious and immense transactions into which he entered on every foreign post-day on the Royal Exchange, he never took a note of them; but, on his return to his office, could dictate to his clerks the whole of the bargains he had made, with the various rates of exchange, and the names of the several parties with whom he had dealt, with the most perfect exactness.

Mr. Rothschild was a constant attendant on 'Change every Tuesday and Friday; and, for years, was in the habit of planting himself at a particular spot, with his back to the pillar known to every frequenter of the Exchange as "Rothschild's pillar;" but, alas, for human greatness! he was on one occasion doomed to expe-

rience the sad annoyance, that he had no especial right to that particular spot. A person of the name of Rose, possessed of great courage, but little judgment, one Tuesday afternoon, purposely placed himself on the spot hitherto occupied by the millionnaire. On Mr. Rothschild's approach he requested the party to move. This was just what the other expected, and what he was prepared to dispute. He argued that this was the Royal Exchange, free to all; and he, as a British subject, had a right to stand there if he thought fit. This doctrine could not of course be disputed; but he was told it was the spot that Mr. Rothschild invariably occupied, and, as such, ought to be yielded: but no; this dogged Rose, being a powerful man, defied Mr. Rothschild and all his tribe to remove him. For nearly three-quarters of an hour—the most valuable portion of the Exchange time—did he keep possession of the pillar; and not until the whole business of the exchange of the day was jeopardised did this silly personage, after having, as he said, established his right, retire, amidst the yells and howls of all the merchants there assembled.

Mr. Rothschild was not celebrated for his proficiency in the art of writing: this defect, on one occasion, caused him some little annoyance. He was travelling in Scotland, and, on his return, stopped at the town of Montrose; and, wishing to replenish his exhausted exchequer, went to the Bank, and requested cash for a draft of 100*l.* on his agent in London. He was, however, much surprised at the refusal of the Bank manager to honour his cheque, without, as he said, having the genuineness of the signature, which he was unable to read, previously accredited, and for this purpose it must be forwarded to London. To this arrangement Mr. Rothschild was compelled to submit; and as at that time it took six days before an answer could be received from London he was detained

until the reply came, which of course proving favourable, he was enabled to pursue his journey.

Mr. Rothschild died at Frankfort on 28th July, 1836, and on the news of his death reaching London* it occasioned a greater sensation on the Royal Exchange than was, perhaps, ever produced by any event of a similar nature. He was buried on Monday, 8th August following, at the burial ground belonging to the great German Synagogue in Duke's-place, and his funeral was attended by upwards of forty carriages, including those of the Lord Mayor and Sheriffs, of the merchants and bankers of the city of London, besides several mourning coaches containing his family and private friends.

The late Mr. Rothschild's sons, "the Brothers Rothschild," may be seen almost daily on the Exchange, occupying about the same spot as their father did, and exemplifying by their unity, which is the bond of peace, the good effects of the advice of their grandfather, and the example of their father and his brothers.

* The news was brought by a pigeon, and merely stated "He is dead."

CHAPTER III.

FOUNDATION OF THE BANK OF ENGLAND.

Origin of the Bank of England—Debates in Parliament respecting the Bank—Act for establishing the Bank passed 1694—Directors chosen—Commence active operations at Grocers' Hall in the Poultry—Petition to the House of Commons to dissolve the Bank rejected—Difficulties of the infant Bank—Advertise for customers—Issue sealed Bills bearing interest—Obtain the exclusive privilege of Banking in 1708—First issue of Bank Post Bills—Singular trial respecting a Bank Note—First execution for Forgery of Bank Notes, 1758—A military force first sent to guard the Bank—Unclaimed dividends the subject of dispute between the Government and the Bank—Settlement of the question—First issue of Five Pound Notes—Difficulties of the Bank in 1795—Alarming state of their affairs—Order in Council authorizing the Bank to refuse Gold for its Notes—Issue of One and Two Pound Notes—Report on the affairs of the Bank—Proposals for a new Bank—The Bank contribute 200,000*l.* towards the expenses of the war.

OUR previous chapters have treated of banking in its infancy: we have now to detail events relating to one of the most important banking institutions that exists in any part of the world; and the history of banking furnishes no example that can at all be compared with it for the range and multiplicity of its transactions, and for the vast influence it possesses over public and national affairs.

Most of the printed proposals for public banks in England during the seventeenth century seem to have had that of Amsterdam principally in view; but it is doubtful whether one exactly after that model would have been suitable for England: what was wanted was, a bank having circulating notes and bills, but without the hazard of bankruptcy.

Considerable difficulties were experienced by the government in 1691 in raising the annual supplies for the support of the war with France, when William Paterson,

a merchant from Scotland, laid a scheme before the ministry for the formation of a public joint stock bank.

A very curious account of the origin of the Bank is to be found in a pamphlet, printed in 1717, called "The Conferences on the Public Debts, by the Wednesday's Club in Friday-street." The discussions among the members of this society excited considerable public attention: both Paterson and Godfrey, the promoters of the scheme for a bank, belonged to this club, the members of which presented a petition to King William, setting forth, among other things, the great advantages of a public bank; but at that time their proposal was received with suspicion.

Paterson anticipated that the government would readily incorporate, with certain powers and privileges, such parties as would advance a considerable sum of money by way of loan to meet the public exigencies. Yet, as he himself relates in the account of his transactions in relation to the Bank of England and the Orphans' Fund, printed in 1695, "he found it much more difficult to get it consented to by the Privy Council, in order to be brought into parliament, than he had at first apprehended."

Long debates were held in the privy council, Queen Mary being present. Many were of opinion that a bank would not answer, as they were only to have *eight per cent.* on the capital advanced: this was not to be wondered at, inasmuch as the government had been paying interest in anticipation of the public revenue, varying from 20 to 40 per cent.

Through the interest of Michael Godfrey and other friends of the project, forty merchants subscribed five hundred thousand pounds towards the sum of one million two hundred thousand pounds, to be lent to the government at eight per cent. interest, in consideration of the subscribers being incorporated as a bank.

When the plan had been properly adjusted in the cabinet, and a majority secured for it in the House of Commons by the influence of Montague, the Chancellor of the Exchequer (who seems to have taken great interest in the success of the measure), it was introduced to the house.

Its advocates expatiated on the national advantages that would accrue from such a corporation. They said it would rescue the nation out of the hands of extortioners and usurers, lower interest, raise the value of land, revive and expand public credit, extend circulation, consequently improve commerce, facilitate the annual supplies, and connect the people more closely with the government."*

The project was violently opposed by a strong party, who affirmed that "it would become a monopoly, and engross the whole money of the kingdom; that, as it must infalliby be subservient to the government views, it might be applied to the worst purposes of arbitrary power; that, instead of assisting, it would weaken commerce, by tempting people to withdraw their money from trade and employ it in stock jobbing; that it would produce a swarm of brokers and jobbers to prey upon their fellow-creatures, encourage fraud and gaming, and further corrupt the morals of the nation."

The monied men also opposed it, lest it should diminish—as it very soon after did—the exorbitant gains from the public distresses.

On the 14th of April, 1694, the House of Commons, in a committee of the whole house, proceeded to the consideration of the establishing of a public bank. One of the objections to the bill was, that "it did not contain a clause compelling the bank to make a report on oath to the Barons of the Exchequer of the yearly sums borrowed and lent by the corporation."

The bill was ultimately passed; and on the 25th of

* See "Macpherson's History of Commerce," vol. iii. p. 660.

April, 1694, King William went in state to the House of Lords, and gave the royal assent in the usual form.

The "London Gazette" of the 7th of June, 1694, contains a notice appointing commissioners to receive subscriptions for the new bank, together with a schedule containing a draft of the charter, which commission and draft of a charter were signed by the queen. Another notice appears in the "Gazette," that "the commissioners would meet at Mercers' Hall, Cheapside, for the purpose of receiving subscriptions for the Bank of England."

Such was the favourable reception this scheme met with from the public that, in ten days, the whole sum of one million two hundred thousand pounds was subscribed; and on the 5th July, 1694, a notice appears in the "Gazette," announcing that a meeting would be held at Mercers' Hall on the 10th of July, at eight o'clock in the morning, of all persons who had five hundred pounds or more interest in the subscribed capital of the bank, to take the following oath:—"I, A. B., do swear that the sum of five hundred pounds by me subscribed, or the sum of five hundred pounds at least by me subscribed, is my own proper money for my own use and in my own right, and not in trust for any other person whatsoever." After taking the oath, each person was to give in writing, rolled up, the names of two of the subscribers as they should think fit, the one to be the Governor, and the other the Deputy Governor of the corporation of the Bank of England. And a further meeting was held on Wednesday, the 11th of July, for the purpose of choosing twenty-four other of the subscribers to be Directors of the said corporation.

Many of the subscribers having neglected to pay up the full amount of their subscriptions, the following notice appeared in the "Gazette" of the 17th September, 1694:—

"The Court of Directors of the Bank of England, in pursuance of the power to them given, have directed and appointed that the second fourth part of the money subscribed be paid to their cashiers at Mercers' Hall, in Cheapside, London, on or before the 25th day of September instant; of which all persons concerned are desired to take notice, to prevent incurring the forfeiture provided by the Act of Parliament, in case the same be not paid into the Exchequer on or before the 1st of October next."

The subscribers met on Friday, the 28th September, for the purpose of settling by-laws for the government of the corporation, and fixing on a house or place of business, when it was agreed that the Bank should commence its operations at Grocers' Hall, in the Poultry; and on the 1st of November they gave notice, that after the 1st of January, 1695, they would lend money on mortgage and real securities after the rate of 5 per cent. per annum.

The charter of the Bank of England enumerates, at some length, the fundamental principles of the corporation; and displays, in the manner in which it is drawn up, a considerable extent of knowledge of commercial affairs. Instead, however, of obtaining exclusive privileges of trading, which a century before would have been an object of ambition with a society of merchants, the bank was restricted to the dealing in bills of exchange and in gold and silver. It was prohibited from taking part in any mercantile concern; but it was authorised to make advances, like the banks at Amsterdam and Hamburgh, on the security of merchandize lodged with it or pledged to it by written documents. The latter description of business, it was thought, would form a principal source of profit.

On the 1st of January, 1695, the Bank commenced active operations at Grocers' Hall, in the Poultry; and on the 11th of February the following advertisement appeared in the "London Gazette":—

"The Court of Directors of the Bank of England hereby give notice, that they have empowered their cashiers, Mr. Thomas Speed, Mr. Robert Hedges, and Mr. Thomas Madolees, or any one of them, and no other, to give notes on behalf of the Governor and Company of the Bank of England, either for payment of money or bills, for which they are to be accountable."

On the 19th of January, 1695, a petition from several merchants and traders of the city of London, on behalf of themselves and others, was presented to the House of Commons, setting forth, "That by an Act made the last session of this parliament, for granting to their Majesties a duty upon the tonnage of ships, &c., and by virtue of their Majesties' letters patent in pursuance of the said Act, a corporation of the Governor and Company of the Bank of England is established to receive and manage the sum of 1,200,000*l.*; which said bank, as the same is and may be managed, is ruinous and destructive to trade in general, injurious to his Majesty's revenues, prejudicial to the lands and manufactures of this nation, and is only a private advantage to the said corporation."

This petition was taken into consideration on Tuesday the 22nd of January, 1694–5, when the petitioners, together with the Governor and Directors of the Bank, attended the House, and were informed that their petition could not be received.

This decision of the House of Commons was considered conclusive as to the degree of protection which the Bank might calculate upon receiving from the government; but it had the effect of causing the publication of sharp and bitter animadversions upon its management, and of the retirement of several of the directors.

None of the notes issued by the Bank at this time were under twenty pounds; and from this period the Bank commenced discounting mercantile bills of exchange. The rate of discount charged, fluctuated at

first, but was usually between $4\frac{1}{2}$ and 6 per cent. A distinction was at first made in this respect in favour of persons who *used the Bank for purposes of deposit;* for such persons inland bills were discounted at $4\frac{1}{2}$, and foreign bills at 3 per cent., while to all other persons the rate was 6 per cent. upon both descriptions of bills.

Although the Bank advertised in the "Gazette" of the 6th of May, 1695, that they would advance money on pawns, loans on goods were seldom applied for; and, indeed, the corporation appear to have made little use of this part of their privileges, confining their operations exclusively to banking, including therein the dealing in bullion of gold and silver, the receiving of deposits, the discounting of bills of exchange, the advances of money to the public on the faith of Acts of Parliament, and the circulation of their own sealed bills, which bore interest, and of their cash notes, which bore no interest.

So early as the 15th of August, 1695, the Bank called in their "marbled notes," some having been forged.

The infant Bank encountered serious difficulties in 1696 and 1697, partly owing to the decree passed by Lord Chancellor Somers, reversing the decision of the judges in favour of the bankers whose money had been seized by Charles the Second. This refusal to acknowledge a debt which James the Second had recognized, increased the opposition to the financial measures of the government. The seizure of the money in the Mint by Charles the First was denounced as a robbery, and the stoppage of payment by his son was stigmatized as swindling, in the uncourteous language of the PURITANS.

Another cause of difficulty arose from the Bank having taken in exchange for their notes the clipped and otherwise diminished silver money at the legal or par value by tale and guineas at 30*s.* each; for which they issued notes payable on demand, before having received from the Mint a sufficient quantity of the new

silver coin for answering the daily demands on them; so that their notes fell to a discount of seventeen to twenty per cent.; and it was no uncommon thing for a trader to purchase bank notes at the reduced value, and pay his debts with them to the full amount they represented.

The avenues of the Bank were no longer frequented by men solicitous, as in 1695, for notes, even at a premium, in exchange for coin alarmingly depreciated; but were now eagerly crowded by those who were anxious to get the standard coin in return for their notes.

The directors of the Bank spared no exertion to correct this state of things: they made two separate calls of twenty per cent. on their capital, which had not been called in from the proprietors: this was the means of withdrawing from circulation notes amounting to 480,000*l.*

The floating debts of the government, which were then sometimes called exchequer tallies, were thrown into the market, till the extent of the discount made it ruinous to part with them, and money was borrowed at an interest of six or seven per cent. on sealed bills, to a great amount, in exchange for cash notes.

The Parliament at last took the distressed state of the Bank into consideration, and permitted them to increase their capital by new subscriptions; but it was stipulated that the old capital of 1,200,000*l.* should be first paid up.

Doctor D'Avenant, in his discourse on the public revenue and trade of England, says, "This second bank subscription, being founded upon parliamentary security for making good the deficient tallies, was formed by receiving those tallies at par, for which the owners had only given 50 to 60 per cent."

The same author, in page 265, remarks, that it "would be for the greatest good of trade, if the Bank of England were restricted by law from allowing interest on running cash, as was the case at this time; for the ease of having

three or four per cent. without trouble or hazard must be a continued bar to industry."

The Bank did not require any legislative interference to restrain them from allowing interest on deposits: they were too glad to discontinue the practice, not for the reasons assigned by the learned doctor, but because it would augment their profits; and we cannot trace that they have, at any time since, renewed the practice.

On the 4th of December, 1696, the governor and directors of the Bank attended at the bar of the House of Commons, by order of the house, and presented to the house a state of their affairs, as follows: *

"Dr.

	£	s.	d.
To sundry persons for sealed bank bills standing out	893,800	0	0
To ditto ditto on notes for running cash	764,196	10	6
To moneys borrowed in Holland	300,000	0	0
To interest due on bank bills standing out	17,876	0	0
To balance	125,315	2	11
	£2,101,187	13	5

"Cr.

By tallies in several parliamentary funds	1,784,576	16	5
By ½ year's deficiency of the fund of 100,000*l.* per annum	50,000	0	0
†By mortgages, pawns, securities, and cash	266,610	17	0
London, Nov. 10th, 1696.	£2,101,187	13	5

Examined by order of the Court of Directors,
Per Thomas Mercer.

* See Journals of the House of Commons for December, 1696, for further particulars of the affairs of the Bank.

† This item includes 35,664*l.* 1*s.* 10*d.*, cash, which it appears was all the Bank had in hand to pay their notes, amounting to 1,657,996*l.* 10*s.* 6*d.* Vide Journals of the House of Commons, 1696.

Among other devices to put off the payment of their notes, the Bank advertised in the "Gazette" as follows:—"That such who think it fit for their convenience to keep an account in a book with the Bank, may transfer any sum under five pounds from his own to another man's account," which was adopting the method of the bank at Amsterdam.

The Bank also caused another advertisement to be inserted in the "Gazette" of the 6th May, 1697, calling upon "the defaulters of the last call of 20 per cent., which should have been paid by the 10th November, 1696, and also those indebted to the Bank upon mortgage, pawns, notes, bills, or other securities, to pay in the said 20 per cent., and the principal and interest of their securities, by the 1st of June next."

On the 21st of June, 1697, in a then well-known newspaper called "The Postman," the following paragraph appears:—"Bank notes were yesterday between thirteen and fourteen per cent. discount."

Many persons supposed that it was the intention of the Bank to withdraw from circulation the whole of its notes; for in a report of the arguments used at a meeting of proprietors of bank stock to take the measure into consideration, the engrafting of the additional capital was supported on the following grounds:—

"First—That all their bills and notes will be brought in with the tallies, and so at once help them out of debt.

"Secondly—As a natural consequence of the former, their bills and notes will then be at par, or equal to money, for the payment of debts or bills of exchange.

"Thirdly—That being once out of debt, and their bills or notes equal with money, they may begin to establish a new and lasting credit.

"Fourthly—That the Bank cannot otherwise recover their credit in many years; and that, till their bills or

notes go current again at par with money, the present proprietors cannot expect any dividend either of profit or interest."

The amount subscribed on this occasion did not exceed one million, and consequently only eight hundred thousand pounds in tallies and two hundred thousand pounds in notes were paid into the bank, which sum was much below what was expected.

The amount of the additional capital to be engrafted on the Bank was neither limited by the committee of the House of Commons, appointed to take into consideration the state of the public credit, nor by the Act of Parliament founded on the resolutions of the committee.

The 8th and 9th William III. cap 20, enacted, *inter alia*, that the capital stock of the Bank was to be exempt from any tax. No contract for the sale of the stock was to be valid, unless registered within seven days in the Bank books, and actually transferred within fourteen days. No act of the corporation, nor of its court of directors, nor sub-committees thereof, should subject the particular share of any member to forfeiture, which shares, however, were to be subject to the payment of all the just debts contracted by the corporation. By this Act it was made felony to counterfeit the common seal of the Bank affixed to their sealed bills, or to alter or erase any sum in, or any indorsement on, their sealed notes, signed by order of the said governor and company, or to forge or counterfeit the said bills or notes. Members of this corporation were not to be subject to bankruptcy, merely by reason of their bank stock, which moreover was not to be liable to foreign attachment.

This is all that is essentially necessary to be recited from this long and important Act of Parliament.

It is almost incredible that, in a few months after the passing of the above Act, the stock of the Bank

given to the holders of exchequer tallies, which before engraftment had been at 40 to 50 per cent. discount, should be currently sold at 112 per cent.

We cannot permit this early crisis in the affairs of the Bank to pass without notice. The first remark which has no doubt obtruded itself on the attention of the reader is, the extreme imprudence of the Bank in issuing paper, for which they bound themselves to pay the full value, and receiving in exchange depreciated coins. Nothing but the close connection subsisting between the government and the Bank could have justified such ruinous proceedings on the part of the latter.

One consequence resulting from this imprudence was, the doubling the amount of their issues; and, in order to protect the Bank in this and all future issues of their paper, the forging or altering any of their sealed bills or notes was made felony. Why the Bank of England, already possessed of too much power, and regarded by many as a pernicious monopoly, should have such extraordinary protection, while other issuers of notes in the metropolis were left, in this respect, entirely unprotected, we are at a loss to determine.

By the 5th of Queen Anne, the Bank was empowered to call in money from their proprietors, to enable the corporation to circulate exchequer bills, by which power there was another temporary addition to their old capital, which had before been reduced to its original sum of 1,200,000*l.* This temporary addition to bank stock was 1,001,171*l.* 10*s.* which made the whole stock amount to 2,201,171*l.* 10*s.*; and by this Act the bank was to remain a corporation until the redemption of 1,500,000*l.* exchequer bills, which the Bank had agreed to circulate at 4*l.* 10*s.* per cent. per annum.

This was the first time that the Bank of England undertook the circulation of exchequer bills, by which measure they secured the favour of the government.

In this year, 1706, the Bank again issued sealed bills, the better to enable them to perform "their contracts with the government," bearing interest at two pence per cent. per day, or 3*l.* per cent. per annum.

The increasing riches and influence of the Bank induced many wealthy individuals to connect themselves by deeds or covenants, and borrow large sums of money as bankers, which induced this jealous, vigilant, and active corporation to procure the following clause to be inserted in the statute of the sixth of Anne:

"That during the continuance of the Governor and Company of the Bank of England, it shall not be lawful for any body politic or corporate, united or to be united, other than the Governor and Company of the Bank of England, or for other persons whatsoever, united or to be united in covenants or partnerships, exceeding the number of six persons, in this part of Great Britain called England, to borrow, owe, or take up, any sum or sums of money on their bills or notes payable on demand, or at any less time than six months from the borrowing thereof."

By this same Act of Parliament, the Bank was to remain and be an established corporation, notwithstanding the Acts of the 5th and 8th of King William; and all their former privileges were now confirmed, as also their original annual fund of 100,000*l.*, until the whole 1,600,000*l.* should be paid off, and also the annuity of 106,501*l.* 13*s.* 5*d.*; and until all the exchequer bills to be issued pursuant to this Act should have been called in, and payment made for circulating them. Then, and not till then, the corporation was to cease and determine.

The above sum of 106,501*l.* 13*s.* 5*d.* was to be the interest, at 6 per cent. of the 1,775,027*l.* 17*s.* 10*d.*

The Bank was authorised "to make dividends to their members of their principal or capital stock," as they afterwards did of the 1,775,027*l.* 17*s.* 10*d.*, which prin-

cipal stock "was always to remain at least equal to all the debts they owe."

During this reign the Bank had been extremely convenient and useful to the government; and, in order to enable that corporation to be further beneficial, by assisting in raising the supplies, the House of Commons, in 1708, sanctioned a scheme whereby the Bank was to circulate 2,500,000 exchequer bills; in which year the whole supply voted amounted to about seven millions. An Act of Parliament therefore passed this year "For enlarging the capital stock of the Bank of England, and for raising a further supply to her Majesty for the service of the year 1709," wherein the Act for establishing the Bank, and all the subsequent statutes, were in part recited.

In consequence of this Act, her Majesty granted a commission under the great seal, dated the 16th of February, 1709, to Sir Thomas Abney and others, "to take subscriptions for doubling the bank stock, by selling their said additional stock at the rate of 115*l.* for every 100*l.* subscribed;" all which was subscribed for between the hours of nine in the morning and one in the afternoon on the first day of opening the subscription books. This was by foreigners esteemed a pregnant proof of the great wealth of the nation, more especially as nearly one million more would have been on the same day subscribed, had it been required, so great was the crowd of people coming with their money to the Bank.

The Bank obliged themselves to advance to the government 400,000*l.*, without any additional allowance of interest for the last named sum, which made their original capital of 1,200,000*l.*, at eight per cent., amount to 1,600,000*l.*, at 6 per cent interest, to commence from the 1st of August, 1711.

Thus the bank capital, a part of which was only temporary, was .	4,402,343	0	0
By the 400,000*l.* now further advanced	400,000	0	0
The total was	£4,802,343	0	0
In consideration of which sum of 400,000*l.* so lent, without any additional interest, their exclusive privileges as a bank were prolonged to one year's notice, after 1st August, 1732. But the Bank were to pay off and cancel all the exchequer bills which had been before issued, amounting, with interest at 6 per cent., to . .	1,775,027	17	10
	£6,577,370	17	10

The engagements which the Bank had entered into were no doubt of great service to the government of Queen Anne, as they enabled the minister to continue the war; but whether they were of service to the nation is a matter of doubt. One thing, however, is certain: that every operation was in itself of great advantage to the Bank; for they received interest upon the money they lent equal to or above what was the then current rate of interest for money.

Yet, nevertheless, they were not satisfied with the advantages which every one of their engagements had produced; for the Bank stipulated for, and the minister agreed to grant them, an extension of their charter, with all its privileges, for twenty-two years.

Thus it appears, that for this long continuance of their term the Bank did not pay anything to the public: they only lent sums of money, for which they were to

have a very high rate of interest till repaid; and, again, in the same reign, they obtained, by the same means, a new prolongation of their term upon twelve months' notice, after the first of August, 1742. A few years after this latter prolongation of their charter, the government made the following proposition to the Bank, to which the directors had the good sense to accede:—

1st. That the Bank should accept an annuity of 88,751*l.* 7*s.* 10*d.*, after Midsummer 1718, in lieu of their then present annuity of 106,501*l.* 14*s.* 5*d.*, until the principal sum of 1,775,027*l.* 17*s.* 10*d.* should be repaid.

2nd. That the Bank should discharge and deliver up to be cancelled, exchequer bills to the amount of 2,000,000*l.*, and, in lieu of the former interest and advantages, should accept an annuity of 100,000*l.*, to commence from Christmas 1717, until the principal should be repaid.

3rd. That the Bank should continue to circulate the remainder of the exchequer bills, amounting to 2,561,025*l.*, at an allowance of 3 per cent. per annum; and they agreed that from Christmas 1717 these bills should carry an interest of only one penny per cent. per day; and, further, that from that period the allowance of 45,000*l.* and 8,000*l.* should cease and determine.

The above were, no doubt, favourable terms for the public: indeed, the Bank could not at this time with any decency refuse to agree to them; for, the minister having at the same time applied to the South Sea Company, who agreed to accept an annuity of 500,000*l.* after Midsummer 1718, in lieu of the annuity of 600,000*l.* which they were entitled to upon their capital of 10,000,000*l.*, and also to advance, at any time before Christmas 1717, the sum of 2,000,000*l.* for the public

service, at five per cent. per annum interest, a rivalship between these two great corporations was by some parties looked upon as inevitable.

A few years after, the Bank of England bought 4,000,000*l.* of the stock of the South Sea Company, and took subscriptions for sale of the newly engrafted stock at 118*l.* per cent. and sold 3,389,830*l.* 10*s.* which produced in money the exact sum due to the South Sea Company, viz. 4,000,000*l.*, so that in their corporate capacity they gained 610,169*l.* 10*s.* bank stock.

The whole sum due from the public to the Bank at this time, viz. 1722, amounted to 9,375,027*l.* 17*s.* 10½*d.* but the capital stock of the Bank upon which it paid dividends to its proprietors was only 8,959,995*l.* 14*s.* 8*d.* For an account of the various alterations in the amounts and interest of the permanent debt due by the government to the Bank, we refer our readers to the Appendix.

In the year 1725 an additional Act was passed, making it felony to alter, forge, or counterfeit bank notes, or to erase or alter any indorsement thereon, or to tender in payment, either by exchange or barter, any such bank note, knowing the same to be altered, forged, erased, or counterfeited, with intention to defraud the Bank, or any other body politic.

On the 14th December, 1738, the Bank of England issued the following notice:—"That upon a representation of his Majesty's Postmaster-General, they are ready to give to such as desire it *bills payable at seven days' sight*, that, in case of the mails being robbed, the proprietors may have time to give notice thereof." This is the first instance on record of the issuing of bank post bills, which have since proved so profitable to the Bank and convenient to the public.

The influence this corporation had by this time obtained, even over the minds of juries, is strongly exemplified by the following remarkable result respect-

ing a bank note. It appears that in the month of December, 1740, a person in the garb of a clergyman purchased plate amounting to 69*l.* 5*s.* of a goldsmith of the name of Willdy, and tendered a bank note for 70*l.* in payment, receiving the difference. The shopkeeper, dubious of his customer, sent to the Bank to ascertain whether the note was genuine, and was informed that it was a good note, whereupon the plate was delivered up. In the afternoon of the same day the note was paid by the Bank. Four days after the payment of the note, a Bank clerk waited upon Mr. Willdy, and told him the note was forged, demanding the return of the money, which was refused; whereupon Mr. Charlwood, the Bank clerk, commenced an action, and after a trial which lasted several hours the jury brought in a verdict for the plaintiff.

In consequence of the progress of the Rebellion, a very alarming and extensive run for gold took place on the Bank of England; and on Thursday the 26th September, 1745, a meeting was held at Garraway's Coffee-house of the principal merchants and traders of London, for supporting the credit of the Bank of England, when the following resolution was passed:—

"We, the undersigned merchants and others, being sensible how necessary the preservation of public credit is at this time, do hereby declare that we will not refuse to receive bank notes in payment of any sum of money to be paid to us, and we will use our utmost endeavours to make all our payments in the same manner."

This resolution received 1,140 signatures in one day; and on its being known, the run on the Bank, which had continued for some days, ceased: it was said gold was wanted for the rebels; but the authorities at the Bank disappointed the parties by paying them in silver.

On Monday the 27th of March, 1758, Richard Wil-

liam Vaughan was committed to Newgate for forging the notes of the Bank of England. He was tried and convicted on the 7th of April, and executed on the 1st of May: this is the first instance on record of any one suffering death for forging bank notes.

In the month of *May*, 1764, *two notes of* 100*l. each, dated in* 1696, were presented to the Bank for payment: they were discovered in an old family bible, where it was supposed they had lain ever since: the following is a description of them: "They are as large as an Indian bond, and the figure of Britannia is on the top of them; they contain about six times the writing that our present notes do; there is a reference to and quotation from the charter of the Company, and bear to be paid by ten pounds a time, and to have a penny a day interest for one year." Since payment they have been shown as a curiosity.*

During the tremendous riots in 1780 the Bank was exposed to considerable danger. Had the mob attacked the Bank at the commencement of the riots, the consequences might have proved fatal to its very existence. Fortunately, however, they delayed the attack until time had been afforded for providing a sufficient guard to insure its safety. Since that period a considerable military force is nightly marched into the interior of the Bank, as a protection in any emergency that may occur.

The peace of 1783 relieved the country from a most arduous and expensive contest. A state of confirmed peace directed thousands of men and millions of capital to a productive purpose. The public gradually recovered from the apprehension of loss of power caused by the separation of the North American colonies. Our town population increased; our manufactures expanded,

* Scots Magazine, vol. xxvi. p. 629.

favoured as they were by the easy conveyance of fuel, raw materials, and bulky goods, on canals. An additional cause of this prosperous state of things may be found in the animating effect of country banking, which at this time was extended without being abused. The revenue improved slowly but progressively, and the minister of the Crown was enabled to conduct our finances during *ten years without any aid from the Bank* beyond that of temporary advances.

At a meeting of the Bank proprietors on the 20th of March, 1791, the Governor acquainted the court that a Bill was before Parliament to appropriate the sum of 500,000*l.* out of the unclaimed dividends in the hands of the Bank, for the use of the Government.

During the pending of the Bill in Parliament, various remonstrances were made by the Bank against the measure, not only by petition to the House of Commons, but privately to Mr. Pitt. The Bill, however, passed the third reading, and then the Minister and the Bank compromised the matter by the latter lending the Government 500,000*l.* without interest, and for so long a period as the sum of 600,000*l.* in unclaimed dividends should remain in the hands of the Bank.

If the conduct of the Bank of England in regard to the unclaimed dividends had been based on justice, they would not have continued the practice of concealing, with a view to converting to their own use, the unclaimed dividends. So tenacious, however, were they of securing the profits derivable from this source, that Bank clerks were afraid to apprize individuals of dividends being due to them, lest they should be discharged from their situations.

At length the interference of the ministers extorted from the Bank Directors the publication of a list of these dividends, which, as Mr. Pitt justly observed, "belonged to the public, on whose behalf and as whose

agents the Bank of England paid them, and not to the proprietors of that corporation." *

At the close of the year 1792, the affairs of France unfortunately assumed an aspect which led to a sudden relinquishment of a state of peace, and of the various reforms for which that state is indispensable.

The transition from peace to war was unexpected, and the shock to our productive industry consequently very great. The circulation of our country banks had increased, and a number of manufacturing and other establishments had been formed on the supposition of a continuance of the peace, and of a low interest of money. All this was now reversed: hence that succession of failures among merchants and country bankers which gave so gloomy a colouring to the early part of 1793, and led to a heavy drain of specie from the Bank.

The commercial embarrassments were at that time attributed to temporary causes, and not to a deficiency of coin. Yet we find that, although the quantity of foreign gold purchased by the Bank in this year greatly exceeded the quantities purchased in the three preceding years, the cash and bullion in the Bank were reduced very much below the ordinary amount.

In 1793 the Bank of England first commenced an issue of five-pound notes.

* By a recent return to an order of the House of Commons of the sums issued for the payment of dividends due and not demanded from the 5th of April, 1846, to the 5th of January, 1847, it appears that the gross total amounted on the 5th of April, 1846, to 1,108,118*l.* of which 135,023*l.* remained in the hands of the Bank, the remainder being advanced to the Government; and that the amount of the dividends due, and not demanded, on the 5th of July, 1846, was 1,093,556*l.* of which 100,000*l.* remained in the hands of the Bank. On the 10th of October, 1846, the amount was 1,017,980*l.* of which 100,000*l.* remained in the hands of the Bank; and on the 5th of January, 1847, 1,088,819*l.*, of which 170,938*l.* remained in the hands of the Bank.

We are now approaching one of the most important and critical periods in the history of the Bank of England. We, therefore, propose to give somewhat in detail a gradual developement of its condition, and the real causes which led to the final suspension of all payments in cash, together with the consequences which followed that suspension.

On the 15th of January, 1795, the Court of Directors of the Bank of England passed a resolution, that the Chancellor of the Exchequer be requested to make such arrangements in his finances of the present year as not to depend on any further assistance from them beyond what had been already agreed on; and on the 16th of April the Governor and Deputy Governor were directed to wait on Mr. Pitt, to express the uneasiness they felt at being called upon to pay upwards of two millions in treasury bills, and to request that he would be pleased to provide for their discharge.

On the 8th of October, 1795, the Court of Directors sent a written paper to the Chancellor of the Exchequer, purporting that the very large and continued drain of bullion and specie which the Bank had lately experienced, arising *from loans and other subsidies*, together with the prospect of the demand for gold not appearing soon to cease, had excited such apprehension in the Court of Directors that, on the most serious deliberation, they deemed it right to communicate to the Chancellor of the Exchequer the absolute necessity they conceived to exist for diminishing the sum of their present advances to the government, "the last having been granted with great reluctance on their part; and then only on his pressing solicitations and statement that serious embarrassments would arise to the public service, if the Bank refused."

No reply was made to this application, or any steps taken by Mr. Pitt to relieve the Bank from the difficulties in which they found themselves; but they were

left to struggle through them as best they might. The Directors of the Bank waited on the minister on the 25th of the same month on the subject of a contemplated loan to the Emperor of Austria. Mr. Pitt said in reply that he had no idea of such a loan, but could not pledge himself to the contrary. The Governor thanked him for his answer; which, he told Mr. Pitt, he received with pleasure, thinking, as he said, "that another loan of that sort would go nigh to ruin the country."

Several communications of a like import appear to have passed between the Directors and the minister from this time till the 20th of July, 1796, on which day Mr. Pitt addressed a letter to the Court of Directors, requiring several advances of money, including the payment of the Treasury bills; and, after a debate on the subject of the letter, the court came to several resolutions, which resulted in a compliance with the Minister's request, with this significant addition, that such compliance be accompanied with a MOST SERIOUS AND SOLEMN RESOLUTION, which, for the justification of the court, they desire may be laid before His Majesty's Cabinet. This remonstrance concluded as follows:—

"They (the Court of Directors) beg leave to declare that nothing could induce them, under present circumstances, to comply with the demand now made upon them but the dread that their refusal might be productive of a greater evil; and nothing but the extreme pressure and exigency of the case can, in any shape, justify them for acceding to this measure; and they apprehend in so doing they render themselves totally incapable of granting any further assistance to government during the remainder of this year, and unable to make the usual advances on the land and malt taxes for the ensuing year, should those bills be passed before Christmas. They likewise consent to this measure in a firm reliance that the repeated promises so frequently made

to them, that the advances on the Treasury bills should be completely done away, may be actually fulfilled at the next meeting of Parliament, and the necessary arrangements taken to prevent the same from ever happening again, as they conceive it to be an unconstitutional mode of raising money; what they are not warranted by their charter to consent to; and an advance always extremely inconvenient to themselves."

By this confession on the part of the Bank, it appears that they were in the habit of violating that clause in their charter which prohibits them lending any money to the King without the consent of Parliament; and at last it became so apparent to the Board of Directors that, by paying the Treasury bills without the sanction of Parliament, they laid themselves open to the penalty of the Act of William and Mary, that, fearing the consequences of a continuance in such a course of proceeding, they got a clause introduced into a Bill in Parliament, repealing so much of the Act of William and Mary as related to the penalty, which was a forfeiture of the sum so paid, one half to go to the informer. This would have been a very serious affair to the Bank. It was originally intended that the penalty should be taken off only in case the advances on Treasury bills should exceed, at any one time, the sum of 500,000*l.*; but the clause went through the House without any such restriction.

On the 9th of February, 1797, the Court of Directors ordered the Governor of the Bank to tell Mr. Pitt, that, under the present state of the Bank's advances to government, to agree to his request of making a further advance of 1,500,000*l.* as a loan to Ireland, would threaten ruin to the Bank, and most probably bring the Directors under the necessity of shutting up their doors.

These several remonstrances to the minister seem to have had little or no effect; and the result anticipated, viz., a stoppage of the Bank of England, took place

even at an earlier period than the Directors themselves calculated upon.

The run—to speak in commercial phraseology—commenced upon some of the country bankers; and the great demand for specie to supply them, induced the Directors to lay the state of their affairs before the minister; in consequence of which the following results took place:—

"At the Council Chamber, Whitehall, February 26th, 1797, by the Lords of his Majesty's most Honourable Privy Council; present the Lord Chancellor, the Lord President, the Duke of Portland, Marquis Cornwallis, Earl Spencer, Earl of Liverpool, Lord Grenville, Mr. Chancellor of the Exchequer:

"Upon the representation of the Chancellor of the Exchequer, stating, that from the result of the information he has received, and of the inquiries which it has been his duty to make respecting the effect of the unusual demand for specie that has been made upon the metropolis, in consequence of ill-founded alarms in different parts of the country; it appears that, unless some measure is immediately taken, there may be reason to apprehend a want of a sufficient supply of cash to answer the exigencies of the public service. It is the unanimous opinion of the Board, that it is indispensably necessary for the public service that the Directors of the Bank should forbear issuing any cash in payment until the sense of Parliament can be taken on that subject, and the proper measures adopted thereupon for maintaining the means of circulation, and supporting the public and commercial credit of the kingdom at this important juncture. And it is ordered, that a copy of this minute be transmitted to the Directors of the Bank; and they are hereby required, on the ground of the exigency of the case, to conform themselves thereto until the sense of Parliament can be taken as aforesaid.

Signed "W. FAWKENER."

On the Monday morning the following notice was issued by the Bank:—

"In consequence of an order of his Majesty's Privy Council, notified to the Bank last night, a copy of which is hereunto annexed, the Governor, Deputy Governor, and Directors of the Bank of England, think it is their duty to inform the proprietors of the bank stock, as well as the public at large, that the general concerns of the Bank are in the most affluent and flourishing situation, and such as to preclude every doubt as to the security of its notes. The Directors mean to continue their usual discounts, for the accommodation of the commercial interests, paying the amount in bank notes; and the dividend warrants will be paid in the same manner."

Great alarm was excited throughout the city on the appearance of this notice, and a meeting of the merchants, bankers, &c. was held at the Mansion-house in the afternoon of the same day, when a resolution, precisely similar to the one passed in 1745, was unanimously adopted.

By the order in Council the Directors of the Bank were restrained from doing—what in fact was physically impossible for them to do; and were indulged with the liberty of exchanging one promise to pay for another promise to pay. Yet, notwithstanding this suspension of cash payments, which forms a most memorable era in the history of political economy, the credit of the Bank immediately revived, and their notes were circulated more freely than ever, and retained the same degree of credit as when, according to the tenor of their promise, they were honoured with an immediate payment in specie.

To those who have regarded the patient acquiescence of the nation in all the ruinous and contradictory measures of this period, neither this, nor perhaps any other, instance of credulity will appear surprising.

The Bank were determined to act up to the letter and spirit of the order in Council; for they even refused to furnish the bankers of the metropolis with a sufficient quantity of specie to pay the fractional parts of the cheques drawn on them; and in reply to the application of the Committee of Bankers, stated, "They could not spare the specie;" at the same time informing the Committee, "that the cashiers of the Bank were employed, night and day, by rotation, in preparing one and two pound notes, which they hoped would be ready by the following Monday."

The bankers then waited on Mr. Pitt, to request his interference in procuring them a certain quantity of specie, to meet the demands of their customers. The minister returned for answer, that they could not have "more than 1000 guineas each;" with which they were obliged to be content.

The moment the Bank of England on authority refused to pay their notes, the Legislature without doubt became responsible for the validity of that currency which they had hitherto only connived at.

On Monday, the 27th of February, Mr. Pitt presented to the House of Commons a message from the King, importing, that "the peculiar nature and exigency of the case appeared to require, in the first instance, the measure contained in the order in Council which his Majesty had directed to be laid before the House, that, in recommending this important subject to the serious attention of the House of Commons, his Majesty relied with the utmost confidence on the experienced wisdom of his Parliament for taking such measures as might be best calculated to meet any temporary pressure," &c. &c.

On the minister moving for a Select Committee for examining the affairs of the Bank, Mr. Fox, speaking on this question, said, "Every man who read this order in Council was struck with this enormity in it, that, for

the first time in the history of this country, an order in Council had violated public credit, and compelled the Bank to stop payment. This was not only to impair, but destroy; for the value and use of the Bank consisted in this, that its notes were convertible at pleasure into gold and silver. Of all the modes of settling this affair, the plan which the minister had adopted was the most dangerous: it never would be out of the memory of the people. It would be recollected with terror, that whatever our constitution might be on paper, whatever its provisions for the protection and security of property, one word from the King could destroy both." He contended, that there could not be contrived a measure more violent and repugnant than that of the minister sending an order to the Bank to refuse payment to the public creditor.

About this period funded property was more depreciated than it ever had been since the funds were created. It may probably be an object of curiosity to see the extent of the variation in this respect at two different periods. The highest price at which the funds had ever been, previous to 1797, was, if we mistake not, as follows:

Three per cent. Consols,	9th of	March,	1792, 97⅛
Four per cents. . . .	13th	„	1792, 105⅝
Five per cents. . . .	1st of	February,	1792, 120
Bank Stock	14th	„	1792, 219

A little more than a month after the Bank of England had suspended its payments in cash, the funds stood thus:

Three per cent. Consols,	5th of	April,	1797, 47¾
Four per cents. . . .	6th	„	1797, 60⅝
Five per cents. . . .	„	„	„ 72¾
Bank Stock	„	„	„ 121¾

On the 3rd of March, 1797, a Committee of the House of Commons presented the following report:—

"The Committee appointed to examine and state the total amount of outstanding demands on the Bank of England, and likewise of the funds for discharging the same, and to report the result thereof to the House, together with their opinion of the necessity of providing for the confirmation and continuance for a time, to be limited, of measures taken in pursuance of the minute of Council, on the 26th of February last, and who are empowered to report their proceedings from time to time to the House, have, pursuant to an order of the House, proceeded to examine into the several matters referred to their consideration, and have unanimously agreed to the following report, viz.:—

"Your Committee have examined the total amount of outstanding demands on the Bank of England, and likewise of the funds for discharging the same, and think it their duty, without loss of time, to state those total amounts, and to report the result thereof to the House.

"Your Committee find upon such examination that the total amount of outstanding demands on the Bank, on the 25th of February last, to which day the accounts could be completely made up, was 13,770,390*l.* and that the total amount of the funds for discharging those demands, not including the permanent debt due from the Government of 11,686,800*l.*, which bears an interest of three per cent., was, on the same 25th day of February last, 17,597,280*l.*, and that the result is, that there was, on the 25th of February last, a surplus of effects belonging to the Bank beyond the amount of their debts, amounting to the sum of 3,826,890*l.*, exclusive of the above mentioned permanent debt of 11,686,800*l.* due from Government.

"And your Committee further represent that, since

the 25th of February last, considerable issues have been made by the Bank in bank notes, both upon government securities and in discounting bills, the particulars of which could not immediately be made up; but as those issues appear to your Committee to have been made upon corresponding securities, taken with the usual care and attention, the actual balance in favour of the Bank did not appear to your Committee to have been thereby diminished."*

According to an account delivered into the House of Commons by the chief cashier of the Bank, the following sums of money were the outstanding advances by the Bank for the public service up to the 9th of March, 1797:—

Account of the Finances of the Bank on the 25th of February, 1797.

Dr.	£	*Cr.*	£
Bank notes	8,640,250	Bills, notes, cash, &c.	4,176,080
Drawing accounts	2,389,600	Exchequer bills	8,228,000
Exchequer bills deposited	1,676,000	Lands and tenements	65,000
Unpaid dividends	983,730	Money lent to East India Company on Annuities of £1,200,000	700,000
Bank Stock dividends unclaimed	45,150	Stamps	1,510
Dividends unclaimed, East India Company Annuities	10,210	Navy bills	15,890
Sundry small sums unclaimed	1,330	American debentures	54,150
Due from chief cashier on loan, 1797	17,060	Petty cash in the house	5,320
Unpaid Irish dividends	1,460	Sundry articles	24,150
Unpaid imperial loan	5,600	Navy 5 per Cents.	795,800
Balance in favour of Bank	3,826,890	5 per Cents. 1797	1,000,000
		Treasury bills paid for government	1,512,270
		Loan to government	376,000
		Bills unpaid	88,120
		Treasury and Exchequer fees	740
		Interest on different sums lent to government	554,250
	£17,597,280		£17,597,280

Advanced on Land and Malt . . .	£5,911,000
On the Consolidated Fund, 1796 . .	1,323,000
Vote of credit	811,400
Advanced on Treasury bills till 9th of March, 1797	1,943,210
Advanced to the Lords of the Treasury on Exchequer bills to 9th of March . .	290,000
Loan to government on unclaimed dividends without interest	376,000
	10,654,610
Total interest	580,670
	£11,235,280

Let us pause awhile and take a retrospective view of the whole of the correspondence of the Board of Directors with the government, by which it will at once appear that, instead of the drain on the bank for specie by the public being the effect of "ill-founded alarm in different parts of the country" (see order in Council), the difficulties of the Bank were wholly attributable to the circumstance of their having placed nearly all their available funds in the hands of the government, which naturally deprived them of the means of paying the public creditors: in short, the Directors, in their correspondence, state the cause to be "from loans and other subsidies."

The exercise of the power by the State of causing the Bank to commit an act of bankruptcy, and afterwards screening them from the consequences, was undoubtedly as unconstitutional as it was unjust to all other bankers. For when was it known that a banker, being called upon to pay his notes, made expressly payable on demand, was allowed to substitute other notes in lieu of cash? When a banker is so indiscreet as to lock up his capital in such securities as are not available in the event of any hostile combination or panic, the natural result is a suspension

of his business, and not unfrequently his ultimate ruin.

To show whence the real cause of the difficulties of the Bank arose, we extract from the minutes of the evidence taken before the Committee of the House of Lords on the 24th of March, 1797, some of the interrogatories to the Governor, and his answers, which place the matter in a clear and intelligible light.

"*Q.* Have you, at any one of the conferences you have had with the Chancellor of the Exchequer, as Governor of the Bank made representations to him of the danger to the Bank from the diminution of its specie?

A. Often.

Q. Can you state the dates of such representations?

A. There are a variety of dates, but I cannot recollect them: I think the first by the Bank was in December, 1794, when I was directed to make such representations.

Q. Do you conceive that every exertion has been made by the Bank to obtain repayment of the advances made to government since the 1st of January, 1795?

A. Yes; save that of lending more.

Q. If, in consequence of the various remonstrances that have been made to the Chancellor of the Exchequer, the advances by the Bank to government had been either paid off or greatly diminished, do you not conceive it would have enabled the Bank to regulate, at their discretion, the amount of the bank-notes in circulation?

A. Undoubtedly.

Q. If the advances had been either paid off or greatly diminished at the periods you applied for such payments, do you think the necessity of the order in Council for suspending the payments in cash on the 26th of February would have existed?

A. Had the advances to government been consider-

ably less, I do not think the order in Council would have been necessary."

The advances to government were generally four or five times greater than the private discounts; and it is evident that, in proportion as the former are extended, the ability to increase the latter must be diminished. To those who are ignorant of the nature of this establishment, and who look over the foregoing statement with the least attention, it must appear that its principal objects were directed towards enabling a minister to lavish the public revenue much faster than it could ever be collected, and to furnish him with the means of engaging in the most extravagant and ruinous expenses, before his prodigality could be submitted to the deliberation of Parliament.

On the 30th of May, 1797, Sir William Pulteney submitted to the House of Commons a Bill "for the erection of a new bank, in case the Bank of England did not pay in specie on 24th of June, 1797." He entered into a detailed statement of transactions respecting the Bank; pointed out the mischief produced by monopoly, contending that the monopoly of the Bank was no better than a premium for indolence and neglect; and that competition would animate the spirit of enterprise and industry. He enumerated a variety of facts to convince the House that the Bank had forfeited its charter by violating its engagements with the public.

Mr. R. B. Sheridan said, "he considered it a farce to call that a bank whose promise to pay on demand was paid by another promise to pay at some undefined period. It was ridiculous to think of placing confidence in paper, upon any principle but that of its being paid when it became due."

Mr. Pitt informed the House that a successful progress had been made for some weeks past towards reopening the Bank for payment in specie; but no person

had ever determined the precise moment when this ought to be done, or that it should positively be on the 24th of June. He concluded by giving his negative to the Bill, which, on a division, was lost.

At a Court of Directors of the Bank of England, held on Thursday, 26th October, 1797, it was resolved, "That it is the opinion of this committee that the Governor and Company of the Bank of England are enabled to issue specie, in any manner that may be deemed necessary for the accommodation of the public; and the court have no hesitation to declare that the affairs of the Bank are in such a state that it can with safety resume its accustomed functions, if the political circumstances of the country do not render it inexpedient. But the directors, deeming it foreign to their province to judge of these points, wish to submit to the wisdom of Parliament whether, as it has been once judged proper to lay a restriction on the payments of the Bank in cash, it may or may not be prudent to continue the same."

The Committee of Secrecy appointed to inquire "whether it may be expedient to continue the restriction contained in two Acts made in the last Session of Parliament respecting payments in cash by the Bank," made their report in November, 1797, by which they recommended that, "notwithstanding the affairs of the Bank, both with respect to the general balance of its accounts and its capacity for making payments in specie, are in such a state that it might with safety resume its accustomed functions under a different state of public affairs; yet that it will be expedient to continue the restriction now subsisting on such payments, for such time, and under such limitations, as to the wisdom of Parliament may seem fit."

In the year 1798, the Parliament having passed an Act whereby voluntary contributions for carrying on

the war were rendered legal, the Bank of England took the lead, and contributed 200,000*l.* and the city of London 10,000*l.* A temporary office or hustings was erected under the east piazza of the Royal Exchange for the purpose of receiving subscriptions. The area was filled with merchants and traders, who eagerly crowded in to subscribe sums from one guinea upwards. At the close of the first day the subscription amounted to 256,534*l.*

Mr. Robert Peel of Bury, in Lancashire, afterwards Sir Robert, a manufacturer and printer of calicoes, paid into the Bank of England the sum of 10,000*l.* as his own voluntary contribution.

It is no slight proof of the opulence and commercial prosperity of this country, that these voluntary subscriptions produced the enormous sum of two millions, exclusive of 300,000*l.* remitted from India.

In the month of March, 1799, the Bank made transfers to the proprietors of the Loyalty five per cent. stock belonging to the Bank at the rate of ten per cent. on their capital, as a part of their accumulated profit. This was in addition to their usual dividend of seven per cent. per annum; and the first bonus was granted to the stockholders.

The Bank Restriction Act, which Mr. Pitt first contemplated with alarm, he afterwards declared to have produced the same effect as if he had discovered a mountain of gold.

CHAPTER IV.

CONTINUATION OF THE HISTORY OF THE BANK.

Bank obtain a renewal of their Charter to 1833—Consideration given for the same—A Bank clerk defrauds the Corporation of 300,000*l.*—His trial and ingenious defence—Bank issue Spanish dollars—Bullion Committee 1810—Penalty for selling Gold coin—Bank issue 3*s.* and 1*s.* 6*d.* silver tokens—Act withdrawing the tokens—Issue of new coin of Gold and Silver—Summary of the Acts on the restriction of cash payments—Peel's Bill—Consequences thereof—Panic among the Bankers—Description of the panic by a Bank Director—Schemes and bubbles of 1824 and 1825—Opposition of the Bank to the Government proposition to improve the banking system—Act legalizing the formation of Joint Stock Banks—Establishment of branches by the Bank of England—Correspondence on renewing the Charter, 1833—Result thereof—Regulations of the Bank rendered impracticable—Loan of 20,000,000*l.* to emancipate the slaves—Renewal of the Bank Charter, 1844—Opinions respecting the Bank being the sole Bank of Issue—Copy of the Act 7 & 8 Vic. cap. 32.

AT a general meeting of the proprietors of bank stock, held on the 9th January, 1800, it was resolved that the Bank should make an offer to the government to advance towards the public service, on or before the 5th of April next, the sum of THREE MILLIONS, on the security of Exchequer bills payable on the 5th of April, 1806, but *without interest*. The Parliament accepted the offer, and in consideration thereof prolonged the Company's privileges, excluding all companies in England consisting of more than six partners from banking operations, from the 1st of August, 1813, the time at which they would otherwise have expired, till the 1st of August, 1833, with one year's notice after that day.

On the discussion of this subject in the House of Commons, it was stated, that the proposal was made by

the Bank under the impression that it was the intention of some influential parties in the City to form a rival chartered bank, and that the directors were consequently desirous of preventing such a measure. Mr. Thornton, one of the directors, and a member of the House, stated that, "if the exclusive privilege should be allowed to expire on the 1st of August, 1834, the Bank must nevertheless remain an incorporated body till the last penny of the national debt was paid."

In the month of July, 1803, Robert Astlett, a nephew of Abraham Newland, and a clerk in the Bank, was indicted at the Old Bailey for defrauding the corporation of Exchequer bills to an enormous amount. This trial was remarkable for the defence set up by the prisoner's counsel, Mr. (afterwards Lord) Erskine, who took an exception to the indictment from the fact that the Exchequer bills in question were signed by a party not authorised by the Act of Parliament, by virtue of which the Exchequer bills were issued.

He, therefore, maintained that they were not Exchequer bills at all: they were not government securities, nor any thing that the court could recognise as a species of property, being simply so many pieces of paper. He added, "that the foundation of the argument used by the counsel for the Bank was, that the Bank Act makes it a capital felony for any person to embezzle the securities of the Bank of England, that person being a servant of the Bank, and being intrusted with them; but it was incumbent on the learned counsel to prove, that the prisoner at the bar had embezzled the property of the Bank of England. The signature to the Exchequer bills, as they were called, had no more validity than if they had been signed by the officer of this court."

This ingenious defence succeeded: the jury, under the direction of the judges, acquitted the prisoner. He

was subsequently tried on another indictment, and was found guilty and confined in Newgate for many years.

It appears by a statement made by the Governor at a general meeting of the proprietors, held on the 14th July, 1803, that the loss which the Bank sustained by Mr. Astlett was about 320,000*l.*; yet, although this amount nearly EQUALLED THE ENTIRE DIVIDEND OF THE HALF YEAR, such was the prosperous state of the Bank that they were able to divide as usual.

On the 12th of May, 1804, the Court of Directors of the Bank of England gave notice by public advertisement that, with the approbation of His Majesty's Privy Council, they had caused dollars to be stamped at Mr. Boulton's manufactory with his Majesty's head, and an inscription, "Georgius III. Dei Gratia Rex," and Britannia, with the words "Five Shilling Dollar, Bank of England, 1804," on the reverse. On the first appearance of these tokens, the glaring impropriety of an inscription composed of two languages was much animadverted upon, it then being the only instance of the kind known in England.

The profits of the Bank had by this time increased so much that, on the 20th of September, 1804, a resolution was passed granting to the holders of bank stock a bonus of five per cent. on their stock; and the Directors also agreed to pay the property tax: it was at the same time unanimously agreed that the salaries of the Directors should for the future be doubled. Previous to this meeting they received 150*l.* per annum each.

It appears, by a return of the amount of commercial paper discounted by the Bank, that in the year 1810 the largest amount ever advanced by the Bank occurred, viz. the sum of 20,000,000*l.*, on which they received as profit 1,024,933*l.*

A few years after this, silver became so scarce and the current coinage so depreciated, that the Bank of England, having a large quantity of Spanish dollars in their possession which would not circulate, obtained the sanction of the government to issue these dollars with a small head of George the Third stamped on the head of Ferdinand of Spain, and to issue the same for 5*s.* 6*d.* each. This proceeding gave rise to still more derisive observations than the case of the Birmingham dollars. The following is a specimen :—

> " The Bank, to make their Spanish dollars current pass,
> Stamped the head of a fool on the head of an ass."

According to the Mint regulations of England and France at this time, twenty-five francs twenty centimes in France were equal to one pound sterling in England; but in consequence of an excess of bills drawn by the commissariat and other agents of the English government, on account of the expenses of the war in different parts of the world, the one pound sterling in France would not obtain more than twenty francs. Consequently, as long as gold could be obtained in England at the Mint price of 77*s.* 10½*d.* per ounce, it yielded a profit in France of upwards of twenty per cent. against the rate of exchange; but such a disparity of value, as might naturally be expected, excited a spirit of speculation and competition which raised the price of gold to a premium equal to the discount on the bills; so that in May, 1809, gold commanded 4*l.* 11*s.* per ounce.

In February, 1810, a Committee of the House of Commons was appointed to inquire into the causes of the high price of bullion, and to take into consideration the state of the circulating medium, and of the exchanges between Great Britain and other countries. This Committee sat from the 22nd of February to the 25th of May, during which time thirty different persons, whose trading transactions and influence were thought to be such as

qualified them to throw light upon the subject, were examined; but, whether ignorant of the combination of causes that did in reality produce the disparity between the Mint and the trading price of gold, or whether selfish motives led them to conceal their better judgment, certain it is that, although much interesting matter of fact is here and there interspersed through the different parts of the evidence, as a whole, it was completely destitute of everything like a solution of the question proposed.

The labours of the Committee proved futile; for bullion continued to advance in price, and the exchanges progressively to depreciate, until the 18th of September, 1812, when gold reached 5*l.* 11*s.* per ounce, whilst the Mint price remained at 3*l.* 17*s.* 10½*d.* per ounce.

It is singular to trace the opinions held by the Directors of the Bank of England relative to the exchanges, which, as appears by the evidence before the Bullion Committee, were mysteries which the Directors did not understand: their testimony on this head is somewhat positive, and as a curiosity we extract the following:

At page 96, Mr. Pearse, Governor of the Bank, states: "I cannot see how the amount of bank notes can operate upon the price of bullion or the state of the exchanges; and therefore I am individually of opinion that the price of bullion or the state of the exchanges can never be a reason for lessening the amount of bank notes to be issued."

Mr. Whitmore.—"I am so much of the same opinion, that I never think it necessary to advert to the price of gold or the state of the exchanges, or the days on which we make our advances."

Page 144. Mr. Harman, a Bank Director.—"I must very materially alter my opinion, before I can suppose that the exchange will be influenced by any modification of our paper currency."

Most of the merchants examined by the Committee spoke of the principle of regulating the issue of paper by the state of the exchange with the greatest disdain; and, so rooted was the opinion among practical men that the Bank issues had nothing to do with the exchanges, that in the year 1819 the Directors entered in their minutes a formal resolution to that effect.

Nevertheless, the absurd doctrine—as it was termed—of the philosophers and economists of 1810 has been of late years adopted by the Bank Directors as the rule by which they regulate their proceedings. The resolution of 1819 was rescinded in 1827, when the Bank issues were governed by the state of the exchanges, or, in other words, they are increased when bullion is sent into the Bank, and diminished when notes are sent in for gold.

The suspension of cash payments by the Bank gave rise to numerous publications on the subject; but none of them contained so many bitter reflections, or created so great a sensation, as that from the pen of the late Mr. Huskisson, who was desirous of showing that the profits derived from the suspension of payments were entirely absorbed by the Bank, the public having neither participation in them, nor any consideration for interfering in their behalf.

The Bullion Committee having in their report proposed to allow the Bank two years to prepare for the resumption of cash payments, such proposition was considered by the Court of Proprietors as a gross infringement of their charter. One of them, addressing the chair, said, "Let the government pay us the eighteen millions they owe us, and we will make up the remaining two millions by subscription among ourselves within an hour, so as immediately to discharge all our notes." This lofty language was strongly animadverted upon by Mr. Huskisson. The true state of the case with respect

to the eighteen millions due by the government was, that by far the greater portion was advanced by the Bank at each successive renewal of their charter, and in consideration of enjoying the exclusive privilege of banking; and, as the charter had then twenty years to run, the money was not really due by the government till that period had expired.

On the 24th of July, 1810, an Act was passed in which, among other things, it was enacted, that "The current gold coin should not be received or paid for more than the true lawful value, either in lawful money or in any note or notes of the Bank of England, or in any silver token or tokens issued by the Bank, or by any or all of the said means, wholly or partly, or by any other means, device, shift, or contrivance whatsoever, on pain that the offender therein should be deemed and adjudged guilty of a misdemeanor." It was further enacted, under the same penalty, that notes of the Bank of England should not, by any means, be received or paid for less than the amount of lawful money expressed therein, except only lawful discount on such as should not be payable on demand.

The above Act bears a singular contrast with a notice issued by the Bank on the 18th of March of the same year, which notice stated, that, since the issue of the dollars at five shillings each, silver had risen in value, and that they had given orders to their cashiers to receive all such Bank dollar tokens at the rate of *five shillings and sixpence each.*

A few years after the passing of the above Act, it was put in force against a person of the name of De Yonge, who was tried at the Old Bailey for selling the current coin of the realm for more than its legal value. It appeared on the trial, that De Yonge had sold guineas of standard weight as light coin, at 24*s.* 6*d.* each.

The unanimous opinion of the Judges in this case

was, "that the exchange described on this record, that is, of guineas for bank notes, taking such guineas at a higher value than they were current for under the King's proclamation, was not an offence against the 5th and 6th of Edward the Sixth, upon which the indictment was founded."

The absurdity of the proceeding was evident from the fact, that, had the guineas been really light, and had been sold at 24*s.* 6*d.* each, there would have been no prosecution.

At this period of our history—and the fact deserves to be recorded—guineas, which by law were worth no more than 21*s.* each, were saleable on the continent for 29*s.*, the effect of which price on the course of exchange may be thus instanced. A parcel of goods bought in London for 500*l.* might have been sold on the continent for 400 guineas. Yet, for the 400 guineas, the merchant might have obtained from his banker 580*l.*, or 552 guineas and 8*s.*

On the 9th of July, 1811, the Bank issued silver tokens for three shillings and one shilling and sixpence; and, according to the public papers, counterfeits for those of three shillings appeared within a week after the genuine ones had been put in circulation.

On the 12th of July, 1812, the Act of the 44th Geo. III. cap. 71, so far as it related to the dollars issued by the Bank of England, was renewed from the 1st of August then next ensuing, and extended to the tokens for three shillings and one shilling and sixpence, and the punishment for counterfeiting was altered to transportation for life.

From an account which was delivered in by the Bank to the House of Commons, it appears, that, from the year 1804 to 1815, both inclusive, the Bank had issued, in dollars at five shillings and five shillings and sixpence each, and in tokens for three shillings and one shilling

and sixpence, to the amount of four million four hundred and fifty-seven thousand six hundred and forty-nine pounds, four shillings, and sixpence; and that the receipt of Bank dollars and tokens in 1816 had exceeded that sum by one hundred and five thousand eight hundred and fifty-nine pounds, three shillings, and sixpence.

On the 11th of July, 1817, an Act was passed, which declared, that it was no longer necessary to continue in circulation the dollars and tokens of the Bank of England; and ordering that they should not be paid or received after the 25th of March, 1818, on penalty of paying for every such dollar, &c. uttered, offered, or tendered in payment, any sum not exceeding five pounds, nor less than forty shillings, at the discretion of the justice or justices of the peace who should hear and determine such offence. But there was nothing in the Act to prevent the tokens, &c. from being presented to the Bank of England for payment until the 25th of March, 1820, or to restrain or prevent any person from selling them as old silver at the current price, and without regard to the nominal or real value at which they were circulated.

In consequence of this Act, the Bank issued a notice, that, from and after the 1st of August, all the tokens, &c. would be exchanged at the Bank either for gold or silver, current coin of the realm, or for the notes of the said Governor and Company, at the option of the holder. This notice was repeated on the 12th of February, 1818, and the same was sent to all the postmasters, with a request that they would put it up in some public part of their respective towns.

In order to supply the place of these tokens when they should be withdrawn from circulation, the Court of Directors of the Governor and Company of the Bank of England, on the 12th of March, gave notice by public advertisement, that, from and after the 19th day of

that month, "they would be ready to issue to each of the bankers in London current silver coin of the realm to the amount of twenty thousand pounds, in exchange for bank notes, provided application should be made for the same before the 5th of July."

According to an account delivered into the House of Commons on the 1st of June, 1818, there had been coined up to that day:

		Issued to the Bank.
Gold.—Sovereigns .	£5,406,517	£3,224,025 0
„ Half-Sovereigns	£3,103,474	£1,037,295 0
Of these there had been issued from the Bank: . Sovereigns . .		£2,848,067 0
Half-Sovereigns		£646,942 10
Silver.—Shillings .	£50,490,000	
„ Sixpences .	£30,436,560	

The number of half-crowns is not specified in this return; but in a former account of the silver coinage, presented on the 15th of April, 1818, it appears, that 1,125,630*l.* of those pieces had been coined.

A sovereign of standard weight contains 5 pennyweights and 3¼ grains of gold; and a pound of gold of the standard, or mint, price of 3*l.* 17*s.* 10½*d.* per ounce, is worth 46*l.* 14*s.* 6*d.*; and when guineas of the standard weight of 5 pennyweights 9½ grains were in circulation, a pound of gold could be divided and made into 44½ guineas; but it is impossible to coin a pound of gold into sovereigns, or pay sovereigns for a pound of gold, without the aid of silver.

The following summary of the various Acts of Parliament, in reference to the restriction of cash payments by the Bank of England, is a proof, if any is wanted, that the measure recommended by the minister was never considered in any other light than that of a temporary expedient to meet a sudden emergency, and

renewed from time to time for such periods as the Bank of England required.

The first Act confirming and continuing the restriction contained in the minute of Council of the 26th of February, 1797, was passed on the 3rd of May, 1797, and was to be in force till the 24th of June, 1797. The restriction was further continued, by an Act passed on the 22nd of June, 1797, until one month after the commencement of the then next session of Parliament. By another Act, passed on the 30th of November in the same year, the restriction was further continued until one month after the conclusion of the war by a definitive treaty of peace.

On the 3rd of January, 1799, the Directors of the Bank, in pursuance of a power granted to them by the Act of Parliament referred to, gave notice that on the 14th of that month they would pay in cash all fractional sums under five pounds; and that on the 1st of February, 1800, they would pay cash for all notes of one and two pounds dated prior to the 1st of July, 1798, or exchange them for new notes of the same value, at the option of the holders.

By another Act, passed on the 30th of April, 1802, the restriction was continued until the 1st of March, 1803. On the 28th of February, 1803, it was further continued until the expiration of six weeks from the commencement of the then next session of Parliament. On the 13th of December, 1803, the country being then again at war, it was further continued until six months after the ratification of a definitive treaty of peace. By an Act passed on the 18th of July, 1814, the restriction upon the Bank was continued until the 25th of March, 1815, and it was further continued by an Act passed on the 23rd of March, 1815, to the 5th of July, 1816. On the 21st of March, 1816, an Act was passed by which—after reciting in the preamble "that it was highly

desirable that the Bank should, as soon as possible, return to the payment of its notes in cash, and that it was expedient that the provisions of the former Acts should be further continued, in order to afford time to the Directors of the Bank to make such preparation as to their discretions and experience might appear most expedient for enabling them to resume payments in cash, without public inconvenience, and at the earliest period; and that a time should be fixed at which the said restriction should cease"—it was enacted, that the said restriction should be continued until the 5th of July, 1818. On the 28th of May, 1818, another Act was passed, by which, after reciting in the preamble that it was highly desirable that the Bank of England should return, as soon as possible, to the payment of its notes in cash, and that unforeseen circumstances which had occurred since the passing of the last of the preceding Acts had rendered it expedient that the restriction should be further continued, and that another period should be fixed for the termination thereof, the restriction was further continued until the 5th of July, 1819. In the month of February, 1819, a Committee of Secrecy was appointed to consider of the state of the Bank of England with reference to the expediency of the resumption of cash payments at the period fixed by law, and into such other matters as were connected therewith.

The report of this Committee determined ministers on proposing to Parliament measures for the prospective resumption of cash payments. Certain resolutions were submitted to the House of Commons to that effect, which were afterwards embodied in a Bill commonly known as Peel's Bill, and which provided for the gradual resumption of cash payments by the Bank of England.

Under the provisions of this law, the Bank Restric-

tion Act was continued in force until the 1st of February, 1820; and from that time till the 1st of October in the same year the Bank was required to pay its notes in bullion of standard fineness, at the rate of 4*l.* 1*s.* per ounce. From the 1st of October, 1820, to the 1st of May, 1821, the price of bullion was reduced to 3*l.* 19*s.* 6*d.* per ounce.

From the last-mentioned day, bullion might be demanded for notes at the Mint price of 3*l.* 17*s.* 10½*d.* per ounce; and on the 1st of May, 1823, the current gold coin of the realm might be demanded in payment for the notes of the Bank.

Soon after the passing of Peel's Bill, the Bank of England began to accumulate their stock of gold, which at one time amounted to the enormous sum of 20,000,000*l.* In the month of February, 1825, the amount of bullion in the Bank was reduced to 8,857,000*l.*, and at the end of the same year the amount of notes in circulation was in round numbers 20,000,000*l.*, whilst the means of paying that sum in gold, which the Bank were bound to do by Peel's Bill, had been reduced to the paltry sum of 426,000*l.* in coin, and 601,000*l.* in bullion.

On this subject, Mr. Harman stated in his examination before the Committee of the House of Commons, in 1826, that he did not recollect the precise amount of gold in the Bank coffers at the latter end of December, 1825, but that it was miserably low. "The timely issue of the one-pound notes worked wonders, and it was by great good luck we had the means of doing it; for it happened that an old box, containing a quantity of one-pound notes, had been overlooked, and they were forthcoming at the lucky moment. This, as far as my judgment goes, saved the country." Thus were we indebted to the contents of an old box, which had been overlooked

and was "forthcoming at the lucky moment," for saving the country from irremediable ruin in the year 1825, as we had been indebted to an order in Council for saving the country in 1797.

It is beyond the power of words to describe the general consternation of the metropolis at this period. No event ever gave so great a blow both to trade and public credit. An universal bankruptcy was expected; the stoppage of almost every banking house in London was looked for; and the whole city was panic-struck. Confidence and credit were almost entirely suspended.

One of the largest northern country banks was the first to give way to the general pressure; and the alarm once excited soon became general all over the country. In the short space of six weeks above seventy banking establishments were destroyed, notwithstanding the very large advances made by the Bank of England; and the run upon the Bank for cash to supply the wants of the country banks was so heavy, that, to save itself from absolute failure, it had recourse, as we have already remarked, to an issue of one-pound notes amounting to upwards of one million.

From the evidence of Mr. Harman, we find that the Bank made a formal communication to the government for an order in Council to restrain the payment in gold; but this the government resisted from first to last.

The issue of the one-pound notes was attended with the most beneficial effects. They were readily received by the public in exchange for those of provincial bankers, and the demand for bullion from the country ceased. During this period the Bank of England, as appears by the evidence of Mr. Ward, sustained a loss in the repurchase of bullion to the amount of 100,000*l.*

The information furnished by Mr. Richards, the

Deputy Governor of the Bank, to the Committee of the House of Commons is so graphically descriptive of the state of London at this period, that we cannot omit giving it a place in our history: it is taken from the shorthand writer's notes, and was nearly in the following words:—

"I think," says Mr. Richards, "it must have been in the autumn of 1825, that the Bank began very seriously to contemplate what would be the result of the speculations and of various circumstances that were going forward. That increased in October and November, when there continued to be a very great demand for gold, which I think began about April; and, I believe, it advanced down to the first Saturday in December. Not only the Bank, but, I believe, every man's mind connected with the city, was in an extreme state of excitement and alarm. I think I can recollect, on the first Saturday in December, having come home after a very weary and anxious day from the Bank, receiving a visit from two members of this Committee, and one of our bankers, at my own house, stating a difficulty in which a banking-house near to the Bank was placed. I will not assert it, but I believe they had gone so far as to take care of the clearing of that house that evening, so as that it might fulfil its engagements. The object of that visit was to ascertain what would be my views upon the subject. I was called upon because the *Governor was particularly connected with the house of* Pole and Co. *by marriage and other circumstances of relationship.* After speaking upon the subject for some time, I was pretty sure that I could answer for the firmness of the Bank; and I ventured to encourage these gentlemen to hope that, upon anything like a fair statement, the Bank would not let this concern fall through. It was agreed that upon the following morning (Sunday) we should meet as many Directors as I

could get together, with the three gentlemen who had called upon me, at the house of one of them, and that in the mean time some eminent merchants, friends of the house, should also be called to the meeting to assist with their opinion. We so met; and, after hearing all the facts, which were collected in the first instance by the bankers and the merchants present, the Directors authorised their chair to say that assistance should not be wanting. It was agreed that 300,000*l.* should be placed at the disposal of Pole and Co. the next morning, for which the Bank was to receive, and did receive, as securities, a number of bills of exchange and notes of hand; and, over and above, a mortgage on Sir Peter Pole's property, which was to ride over the whole. They fought it through till Thursday or Friday pretty manfully, and up to Saturday evening, when their position was such that, without the assistance of the same eminent individuals who had taken part before, the clearing would not have gone right. Sunday passed; and on Monday morning the storm began; and till Saturday night it raged with an intensity that it is impossible for me to describe. On Saturday night it had somewhat abated. The Bank had taken a firm and deliberate resolution to make common cause with the country as far as their humble efforts would go. In the following week things began to get a little more steady; and, by the 24th, what with the one-pound notes which had gone out, and other things, people began to be satisfied; and then it was, for the first time in a fortnight, that those who had been busied in that terrible scene could recollect that they had families who had some claim upon their attention. It happened to me not to see my children for that week."

It appears from a published table of the schemes and bubbles projected in 1824 that they amounted in number to 243; that the amount of capital proposed

to be subscribed on these schemes was 248,000,000*l.*; that the amount actually paid up was 43,062,608*l.*; and that the balance due on the whole of them at the close of the year 1825 was 204,937,392*l.* Numerous other schemes, to which equal publicity was not given, are known to have been projected throughout the United Kingdom; and without exaggeration it may be inferred —though the statement may astonish dupes and directors—that the bubble mania, if carried into execution to its meditated extent, would have required (if it could have been procured) a capital of 350,000,000*l.* sterling.

On the 13th of January, 1826, Lord Liverpool and the Chancellor of the Exchequer, F. J. Robinson, transmitted to the Bank of England a paper containing their views on the then state of the banking system of this country, with their suggestions thereupon, a few of which we shall, in an abridged form, present to our readers.

"We believe that much of the prosperity of the country for the last century is to be ascribed to the general wisdom, justice, and fairness of the dealings of the Bank; and we further think that during a great part of that time it may have been *in itself* and *by itself* fully equal to all the important duties and operations confided to it. But the progress of the country during the last thirty or forty years in every branch of industry, in agriculture, manufactures, commerce, and navigation, has been so rapid and extensive, as to make it no reflection upon the Bank of England to say, that the *instrument* which *by itself* was fully adequate to former transactions, is no longer sufficient, without new aids, to meet the demands of the present times. We have, to a considerable degree, the proof of this position in the very establishment of so many country banks. Within the memory of many living, and even in some of those now engaged in public affairs, there

were no country banks, except in a few of the great commercial towns.

"If the concerns of the country could be carried on without any bank than that of the Bank of England, there might be some reason for not interfering with their exclusive privilege; but the effect of the law, at present, is to permit every description of banking *except* that which is *solid* and *secure*.

"Let the Bank of England reflect on the dangers to which it has been recently exposed; and let its directors and proprietors then say, whether, for their own interest, such an improvement as is suggested in the banking system is not desirable and even necessary.

"The Bank of England may perhaps propose, as they did on a former occasion, an extension of the term of their exclusive privilege as to the metropolis and its neighbourhood beyond the year 1833, as the price of this concession.

"It would be very much to be regretted that they should require any such condition.

"It is clear that in point of security they would gain by the concession proposed to them, inasmuch as their own safety is now necessarily endangered by all such convulsions in the country circulation as we have lately and formerly witnessed.

"Nor in point of profit would they lose any thing by it for which they are entitled to ask compensation. The government could not extinguish the existing country banks, even if it were desirable; but it may be within our power, gradually at least, to establish a sound system of banking throughout the country; and if such a system can be formed, there can be little doubt that it would ultimately extinguish and absorb all that is objectionable and dangerous in the present banking establishment.

"There appear to be two modes of attaining this object.

"First. That the Bank of England should establish branches of its own body in different parts of the country.

"Secondly. That the Bank of England should give up its exclusive privilege as to the number of partners engaged in banking, except within a certain distance of the metropolis.

"It has always appeared to us that it would be very desirable that the Bank should have tried the first of these plans, that of establishing branch banks on a limited scale. But we are not insensible to the difficulties which would have attended such an experiment, and we are quite satisfied that it would be impossible for the Bank, under present circumstances, to carry into execution such a system to the extent necessary for providing for the wants of the country.

"The effect of the second plan would be, the gradual establishment of extensive and respectable banks in different parts of the country; some, perhaps, with charters from the Crown, under certain qualifications, and some without.

"It is notorious that, at the present time, their notes circulate in no part of England beyond the metropolis and its environs, except in Lancashire; and perhaps for that district some special provision might be made.

"If the Bank of England has no country circulation except in the county above-named, the only question for them to consider is, whether on the ground of profit, as well as security to themselves, the existing country circulation shall or shall not be improved.

"With respect to the extension of the term of their exclusive privileges in the metropolis and its neighbourhood, it is obvious, from what passed before, that Parliament will never agree to it.

"Such privileges are out of fashion; and what expectation can the Bank, under present circumstances, entertain that theirs will be renewed? But there is no reason

why the Bank of England should look at this consequence with dismay: they will remain a chartered corporation for carrying on the business of banking. In that character they will, we trust, always continue to be the sole bankers of the state; and with these advantages, so long as they conduct their affairs wisely and prudently, they always must be the great centre of banking and circulation. Theirs is the only establishment where the dividends due to the public creditor can by law be paid.

"It is to be hoped, therefore, that the Bank will make no difficulty in giving up their exclusive privileges in respect to the number of partners engaged in banking as to any district sixty-five miles from the metropolis.

"Should the Bank be disposed to consent to a measure of this nature in time to enable the government to announce such a concession on the opening of Parliament, it would afford great facilities to the arrangements which they may have to propose for insuring the stability of private credit, in which the support of public credit, and the maintenance of public prosperity, are so materially and closely involved."

The Directors took the above communication into consideration on the 20th of January, 1826, and passed several resolutions relating thereto; and concluded as follows:

"Under the uncertainty in which the Court of Directors find themselves with respect to the details of the plans of government, and the effect which they may have on the interests of the Bank, this court cannot feel themselves justified in recommending to the proprietors to give up the privilege which they now enjoy, sanctioned and confirmed as it is by the solemn acts of the Legislature."

On the 23rd of January, this was replied to by the First Lord of the Treasury and the Chancellor of the

Exchequer, who continued of the same opinion as before, and concluded by stating that they were satisfied the profits of the Bank would in no degree be affected by their consenting to such proposals: "Convinced of this, and that its adoption by the Bank is as important to their own security as to that of the public, it does not appear that the Bank can be equitably entitled to claim any compensation for the surrender of this privilege of their charter. Against any proposition for such compensation the First Lord of the Treasury and the Chancellor of the Exchequer formally protest; but if the Bank should be of opinion that this concession should be accompanied with other conditions, and that it ought not to be made without them, it is for the Bank to bring forward such conditions."

At a Court of Directors at the Bank, the 26th of January, 1826, the Governor laid before the court the following Minute of the Committee of Treasury: viz.

"Committee of Treasury, 25th January, 1826.

"The Committee of Treasury having taken into consideration a paper received from the First Lord of the Treasury and the Chancellor of the Exchequer, dated the 23rd of January, 1826, and finding that his Majesty's ministers persevere in their desire to propose to restrict immediately the exclusive privilege of the Bank as to the number of partners engaged in banking to a certain distance from the metropolis, and also continue to be of opinion that Parliament would not consent to renew the privilege at the expiration of the period of their present charter; finding also that the proposal by the Bank of establishing branch banks is deemed by his Majesty's ministers inadequate to the wants of the country; are of opinion that it would be desirable for this corporation to propose as a basis the Act of the 6th of George the Fourth, cap. 42, which states the

condition on which the Bank of Ireland relinquished its exclusive privilege, this corporation waiving the question of a prolongation of time, although the committee cannot agree in the opinion of the First Lord of the Treasury and the Chancellor of the Exchequer, that they are not making a considerable sacrifice, adverting especially to the Bank of Ireland remaining in possession of that privilege five years longer than the Bank of England."

Resolved—"That the foregoing recommendation of the Committee of Treasury be agreed to; and that the Governor and Deputy Governor be requested to lay it before the First Lord of the Treasury and the Chancellor of the Exchequer."

This having been done, the following reply was forwarded to the Bank:—

"Fife House, 28th January, 1826.

"The First Lord of the Treasury and the Chancellor of the Exchequer have taken into consideration the paper delivered to them by the Governor and Deputy Governor of the Bank on the 27th instant.

"They think it right to lose no time in expressing their concurrence in the proposition which has been sanctioned by the Board of Directors, as to the exclusive privilege of the Bank of England, and are willing to agree that the two clauses inserted in the Irish Act of last year, and referred to in the paper communicated by the Governor and Deputy Governor on the 27th instant, shall be inserted in the Bill, which will be necessary to give effect to the new arrangement."

At a general court of the Governor and Company of the Bank of England, Friday, the 3rd of February, 1826,

Resolved—"That this court do consent to the terms proposed to the Bank in the papers now read, and do request the Court of Directors to carry the arrangement into effect."

On the 17th of February, the Bill was brought under

the notice of the House of Lords, when Lord Liverpool thus described the system of banking which grew up under the then existing law:

"The present system of law as to banks must now be altered in one way or another. It is the most absurd, the most inefficient: it has not one recommendation to stand upon. The present system is one of the fullest liberty as to what is rotten and bad, but of the most complete restriction as to all that is good. By it a cobbler or a cheesemonger, without any proof of his ability to meet them, may issue his notes, unrestricted by any check whatever; while, on the other hand, more than six persons, however respectable, are not permitted to become partners in a bank with whose notes the whole business of the county might be transacted. Altogether, the system is so absurd, both in theory and practice, that it would not appear to deserve the slightest support, if it was attentively considered even for a single moment."

Whether the system of banking thus denounced was or was not as bad as it is here described, Lord Liverpool did not make any change in it, but still left the cobbler and cheesemonger the power to issue their notes without any check whatever. The changes he made consisted in repealing the restriction of the number of partners, except in London, and within a distance of sixty-five miles thereof, in allowing the Bank of England to establish branch banks, and in abolishing the issue of one-pound notes in England.

On the 26th of May, 1826, an Act was passed for the better regulating co-partnerships of certain bankers in England, to which we shall more particularly refer in our chapter on Joint Stock Banks. The Act contains the following clause:

"To prevent any doubts that might arise whether the Governor and Company of the Bank of England

under and by virtue of their charter, and the several Acts of Parliament which have been made and passed in relation to the affairs of the said Governor and Company, can lawfully carry on the trade or business of banking otherwise than under the immediate order, management, and direction of the Court of Directors of the said Governor and Company: be it therefore enacted, that it shall and may be lawful for the said Governor and Company to authorise and empower any committee or committees, agent or agents, to carry on the business of banking: provided always, that in any place where the trade and business of banking shall be carried on for and on behalf of the said Governor and Company of the Bank of England, any promissory note issued on their account in such place shall be made payable in coin in such place as well as in London."

Immediately after the effects of the panic had subsided, the Bank of England, as we have stated above, was armed with the power of establishing branch banks throughout the country.

The country bankers contemplated the exercise of this power with alarm, and a committee of that body held a meeting in London on the 7th of December, 1827; and among other resolutions the following were adopted:—

"That the late measures of the Bank of England in the establishment of branch banks have the evident tendency to subvert the general banking system throughout the country, and which has grown up with and been adapted to the wants and convenience of the public.

"That it can be distinctly proved that the prosperity of trade, the support of agriculture, the increase of general improvement, and the productiveness of the national revenue, are intimately connected with the existing system of banking.

"That the country bankers would not complain of

rival establishments founded upon equal terms; but they do complain of being required to compete with a great company, possessing a monopoly and exclusive privileges.

"That, should this great corporation, conducted by directors who are not personally responsible, succeed by means of these exclusive advantages in their apparent object of supplanting the existing banking establishments, they will thereby be rendered masters of the circulation of the country, which they will be enabled to contract or expand according to their own will; and thus be armed with a tremendous power and influence, dangerous to the stability of property and the independence of the country."

A deputation was appointed to wait on Lord Goderich, the First Lord of the Treasury, and Mr. Herries, the Chancellor of the Exchequer, who gave the following reply:—

"Lord Goderich and the Chancellor of the Exchequer state to the deputation, that they are fully sensible of the great importance of the subjects which are brought before them by the deputation, and that (although it is obviously impossible that they can undertake on the part of the government to express upon this occasion any opinion upon the matters under consideration) they can assure the deputation that all that has been communicated shall receive the most deliberate and serious attention."

No steps, however, were taken by the government, and the country bankers again memorialized the government, but with no more success.

The following list shows the dates when the branches of the Bank of England were respectively opened:—

Gloucester	opened	19th July, 1826.
Manchester	„	21st September, 1826.
Swansea	„	23rd October, 1826.

Birmingham	opened	1st January, 1827.
Liverpool	„	2nd July, 1827.
Bristol	„	12th July, 1827.
Leeds	„	23rd August, 1827.
Newcastle	„	21st April, 1828.
Hull	„	2nd January, 1829.
Norwich	„	1st December, 1829.
Norwich	„	16th May, 1834.

A branch was opened at Exeter, 17th December, 1827, which was subsequently removed to Plymouth. An auditor or inspector visits the branches, but without the agent knowing the time of his visit. The powers confined to the agents are very extensive, and sufficient to conduct all the ordinary business of the branches.

The managers of all the branches communicate daily with the Bank in London, advising of every transaction that has been entered into during the day, from beginning to end: the total amount paid in, the total amount received, the amount of the bills discounted, the amount of discount which is charged from the preceding day, and the balance of cash remaining, not merely stating the amount of the balance, but in what it consists, the notes in possession, and the amount of gold and silver, the notes that have been received and cancelled on that day, together with every other particular relating to the affairs of that branch,—all these particulars are sent to London every day.

The agent of the bank represents the authority of the Bank of England at the branches: he is responsible in a bond of 20,000*l.* for his proper conduct, and also for using a due discretion and diligence in the administration of the affairs of the branch.

Such of the joint stock banks as were permitted to have discount accounts with the branch banks, in the place of issuing their own notes, were required, pre-

vious to such accounts being opened, to transmit to the Bank of England a copy of the deed of settlement of that particular bank, with a list of the shareholders, and a confidential opinion as to whether the greatest proportion of the shareholders are respectable, whether they are parties known to be wealthy, or men of consequence, together with any other information respecting the bank.

Several of the country bankers undertook the circulation of Bank of England notes in place of their own. The conditions on which the Bank of England agreed to furnish to these banks a circulation of bank paper were generally in a fixed minimum and maximum, varying about 14 per cent: such advances were made from year to year, terminable by a notice given by either party on the 1st of October, and on approved bills of exchange not having more than 95 days to run.

The mode adopted in fixing the amount which the Bank of England undertook to advance to any bank applying for discounts was, in the case of a previous circulation by such bank, to show the amount of its notes; and if it could prove, to the satisfaction of the Bank of England, that it was able to keep out a circulation of 60,000*l.* or 100,000*l.*, that amount of discount was afforded; but when there was no previous circulation, they found it difficult to fix an amount, and therefore gave an open account for the year, to try what amount would be permanently kept out. By these arrangements, all of which are now at an end, the Bank of England had no power to contract their circulation, at least below the amount to which they had undertaken to advance to the country bankers.

The measures taken by the Bank for extending the circulation of their notes through their branches is, in permitting individuals of supposed credit to open discount accounts with the branch banks; and to those

bankers who have proposed to withdraw their circulation the Bank have given the same amount of coin and bank notes that such bankers were previously stated to possess in their own notes, upon approved bills of exchange, at a rate of discount not exceeding three per cent. per annum.

Such a system has, undoubtedly, a tendency to engross the circulation of the country, which, when carried to any great extent, will contribute to produce the necessity, in the event of any sudden drain upon the Bank for gold, of having recourse to the suspension of cash payments more frequently than under the former state of things.

Since the establishment of branch banks, that portion of the public revenue which till then had been paid into the country bankers is now, for the most part, paid to the branch banks, who also receive many dividends which were previously received by the country bankers; by which means they have not only deprived the country bankers of many of their best accounts, but have compelled them to reduce their charges for transacting the business of their customers.

The amount of revenue received by the Bank of England through the branch banks, derivable from the Land and Assessed Taxes, the Excise, and Customs, was, in 1836, 2,228,135*l.*; for 1837, 2,839,126*l.*; for 1838, 3,323,673*l.*; and for 1839, 5,026,634*l.* The whole of the above sums are placed to the credit of the Receivers General immediately they are realized, and by far the greater proportion in course of post, after having been paid over to the bank agents.

The whole expense of the eleven branches of the Bank for the year ending 1832 was stated at 34,210*l.*, which was apportioned to the two heads of liabilities, viz., circulation and deposits. The former amounted to 2,500,000*l.*, and the latter to 500,000*l.* In that

apportionment 28,508*l.* was for the former, and for the latter 5,702*l.*

As the period approached at which the charter of the Bank of England would expire, viz., 1st of August, 1833, a correspondence was entered into between the government and the Bank, as to the terms on which such renewal should be granted. The government propositions consisted of sixteen distinct conditions, and the Chancellor of the Exchequer concluded as follows:—

"The government think that they have a right to demand for the public a liberal compensation. They propose to pay off a part of the debt now due from the public to the Bank, and to reduce it from 14,500,000*l.* to 7,000,000*l.*, and the Bank to engage to continue the management of the public debt, without receiving from the State any annual payment for the performance of the duty.

"It is further proposed that after the proprietors of bank stock shall have received a dividend of 10 per cent. upon the nominal capital, which will then amount to 7,000,000*l.* at the end of each year, whatever accumulation shall have taken place in their rest during the preceding year shall be divided into two equal portions, one of which shall be added to the capital of the Bank and be at the disposal of the proprietors; and the other half shall be deducted from the payments made to the Bank for interest or other charges which they may have against the public."

On the 11th of April, 1833, the Directors of the Bank considered these several propositions, and directed the Governor to reply to the letter of the Chancellor of the Exchequer, giving him their view of the matter. As this document is important, as showing the opinion of the Directors, yet too lengthy to transcribe, we can only give the points of difference, and any new terms proposed by the Bank.

The Bank object to the period of ten years as being too short, and suggest that the renewal shall extend to the usual period of twenty years.

The Court are unable to offer any opinion upon the mode of electing the Directors, because the nature of the advantages which will be likely to attend the change in the mode of electing the Directors is not stated in the letter of the Chancellor of the Exchequer.

The Court doubt the propriety of reducing the capital of the Bank to the extent proposed, and urge upon his Majesty's ministers a reconsideration of this proposal.

The Court entertain considerable doubts as to the safety of publishing the accounts in the form and manner suggested; but they admit that a frequent periodical statement of the assets and liabilities of the Bank should be submitted to the notice of his Majesty's government.

The Court are aware that, by making Bank of England notes a legal tender by other parties than the Bank, the extent of the internal demand may be reduced; nevertheless, they find themselves unable to concur in the proposed measure.

The Court of Directors now proceed to consider the terms proposed for concession on the part of the Bank.

The Court are impressed with the belief, that the Chancellor of the Exchequer cannot consider the present remuneration derived by the Bank for the management of the circulation, the funded debts, and the government banking account, to be unreasonable.

The present profits amount, upon an average, to about 1,170,000*l.* per annum, from the following sources, after deducting the expenses of the year :—

Interest of funded debt	£440,000
Government business, as per account rendered to the Committee of the House of Commons	180,000
Private business	550,000
Net profit on the present aggregate capital, of about £19,000,000	£1,170,000

The profits, if the capital be reduced as proposed, will stand thus :—

Interest of funded debt	£210,000
Government business, as per account, with the addition of one per cent on $7\frac{1}{2}$ millions	255,000
Private business	475,000
Net profit on aggregate capital of £11,500,000	£940,000

From this latter amount it is proposed to deduct 250,000*l.* per annum. The proposal is neither more nor less than that the Bank shall manage the funded debt, the circulation of paper money, and the government Banking accounts, gratuitously, depositing with the government a capital of 7,000,000*l.* as security for their transactions with the public; and finally taking for their remuneration for such unrequited services the profits of their private business, and the beneficial investments which they now possess; in neither of which have the government any just or equitable right to participate.

The Court of Directors are most willing to meet a proposal for compensation, and to recommend a concession by the proprietors of a reasonable proportion of the advantages which are now derived from their connexion with the government; but the Court are unable to offer any expectation that the proprietors will be

likely to accede to any proposition founded upon a different basis.

The Court of Directors hope that the Chancellor of the Exchequer will be able so far to modify the proposals now before the Court, as to save them the pain of submitting to a general court of proprietors terms which they cannot recommend, and which they see no prospect of being acceded to.

This determination on the part of the Bank gave rise to a long and interesting correspondence between the Chancellor of the Exchequer and the Bank, the result of which was, that the government gave up several of their original propositions; and, after the report of the Secret Committee which was appointed by the House of Commons to inquire into the expediency of renewing the Bank of England charter had presented to the House the heads of a Bill intended to be introduced, and submitted the same to the Directors for their approval, the Bill for a renewal of their charter for ten years received, on the 29th of August, 1833, the royal assent.

It is curious to contrast the conduct of the Chancellor of the Exchequer of 1833 with that of Lord Liverpool in 1826. The latter nobleman made certain propositions to the Bank from which he *never deviated,* and which the Bank, with an ill grace, consented to sanction; and in laying down those propositions he distinctly stated, "that monopolies were out of fashion, and the Bank must not expect a renewal of their exclusive privileges." But the former nobleman, after having at a Cabinet Council settled the terms on which the Bank could alone obtain a renewal of their charter, allowed alterations to be made by the Directors of the Bank unfavourable to the public.

The following is an analysis of the Act of the 3rd and 4th of William IV. cap. 98, for renewing the Bank charter:

The intention of the Act is declared to be, "that the Bank shall continue to hold and enjoy all the exclusive privileges of banking given by the Act of the 39th and 40th of George III. cap. 28, and the 7th George IV. cap. 46." "And whereas doubts have arisen as to the construction of the said Acts, and as to the extent of such exclusive privileges, and it is expedient that all such doubts should be removed, it is therefore declared that any body politic or corporate, or society, or company, or partnership, although consisting of more than six persons, may carry on the trade or business of banking in London, or within sixty-five miles thereof, provided they do not borrow, owe, or take up in England any sum of money upon their bills or notes payable on demand, or at any less time than six months from the borrowing thereof, during the continuance of the privileges granted by this Act to the Governor and Company of the Bank of England."

All promissory notes of the Bank of England payable on demand, issued at any place in England out of London, where the business of banking shall be carried on for or on behalf of the Bank, must be made payable at the place where such notes are issued; and it is made unlawful for the Governor and Company of the Bank of England, or for any person on their behalf, to issue at any place out of London any promissory note payable on demand not made payable at the place where the same is issued. All notes of the Bank of England to be a legal tender, except by the Bank or its branches. Bills of exchange, not having more than three months to run, are not to be affected by any statute in law in force for the prevention of usury. An account of the amount of bullion and securities to be transmitted weekly to the Chancellor of the Exchequer.

One fourth part of the debt of 14,686,800*l.*, now due from the public to the Bank, amounting to 3,671,700*l.*,

to be repaid to the Governor and Company of the Bank of England, and the Act regulates the manner in which the repayment is to be made.

The Bank agreed to accept a capital of 4,080,000*l.* in the Three per Cent. Reduced Annuities, in liquidation of the sum of 3,671,700*l.*

In consideration of the exclusive privileges granted to the Bank by the above Act, a deduction of 120,000*l.* was made from the sums payable to the Bank of England for the charges of management of the public unredeemed debt.

Immediately after the renewal of their charter, the Directors laid down a principle on which their future operations were to be based, and to which they pledged themselves strictly to adhere; and that was, to retain an investment in securities bearing interest, to the extent of two-thirds of its liabilities, the remaining third being in bullion or coin. But it is a singular fact, verified by their own returns, that they seldom conformed to this rule. In 1834 they deviated entirely from it by an increase of their securities: at the time their bullion was reduced, and from that period to the present time, they have been from various causes unable to carry out their own principle. The most remarkable instance is to be found in the returns of the Bank laid before the Committee of the House of Commons in August, 1840, by which it appears that in the month of January, 1839, the amount of their circulation was 18,201,000*l.* and their deposits 10,315,000*l.* which was larger than at any other period during the year; and the same with the bullion, which latter was 9,336,000*l.*, but the securities were at the lowest during the year, being 21,680,000*l.* In the month of September of that year, the circulation was 17,960,000*l.*; the deposits, 7,781,000*l.*; the bullion, 2,936,000*l.*; and the securities, 25,936,000*l.*; which latter was the highest during the year.

By virtue of the Act 3 and 4 William IV. cap. 73, the sum of 15,000,000*l.* part of 20,000,000*l.* was in the year 1835 borrowed for the compensation to the owners of slaves in the British colonies, upon the following terms: viz.

The contributors were entitled, for every 100*l.* contributed, to—

	£	*s.*	*d.*
75*l.* in the Three per Cent. Consolidated Annuities, amounting to	11,250,000	0	0
25*l.* in the Three per Cent. Reduced Annuities	3,750,000	0	0
And,			
13*s.* 7*d.* per Cent. per Annum Long Annuities, to expire on the 5th January, 1860	101,875	0	0

The annual charge in respect of the annuities created by the above Act is as follows: viz.

Interest of 11,250,000*l.* Three per Cent. Annuities, including 3,375*l.* paid to the Bank of England, at the rate of 300*l.* per million, for management	340,875	0	0
Interest on 3,750,000*l.* Three per Cent. Reduced, including 1,125*l.* for management	113,625	0	0
In respect of 13*s.* 7*d.* per Cent. Long Annuities, expiring 5th January, 1860, including 764*l.* 1*s.* 3*d.* for management	102,639	1	3
Total annual charge defrayed from the Consolidated Fund	£557,139	1	3

On Monday, the 7th of May, 1844, the Prime Minister, Sir Robert Peel, proposed to the House of Commons a string of resolutions for the future regulation of banking in England and Wales; and as they were

subsequently embodied in the Act 7 and 8 Vic. cap. 32, it will be unnecessary to insert them here.

Sir Robert Peel, in his opening address, gave the following graphic description of the various ramifications of the question before the House:

"There is no contract, public or private, no engagement, national or individual, which is unaffected by it. The enterprises of commerce, the profits of trade, the arrangements to be made in all the domestic affairs of society, the wages of labour, the transactions of the highest amount and of the lowest, the payment of the national debt, the provisions of the national expenditure on the one hand, and the command which the coin of the smallest denomination has over the necessaries of life on the other, are all affected by the decision to which we may come on this great question."

So anxious was Sir Robert Peel for the success of this measure, that he sought to give the utmost effect to his speech by the following peroration:

"A quarter of a century has passed away since I first brought forward that great measure which for ever abolished the system according to which issues of bank notes were then conducted. To me it will therefore be a source of great personal gratification if I now succeed in inducing the House to agree to a measure calculated to give additional stability to that which Parliament adopted in the year 1819, and to prevent those fluctuations so dangerous to commercial enterprise.

"When I see the danger arising from the Bank of England having recourse to foreign establishments, when I look at the fluctuations which have taken place in our currency, defeating all the calculations on which commercial enterprise could rest, * * * * my gratification will be of the highest and purest kind if I prevail on the House to adopt a measure that will give steadiness to the character of our resources, which

will inspire confidence in the circulating medium, which will diminish all inducements to fraudulent speculations and gambling, and insure its just reward to commercial enterprise, conducted with honesty, and secured by patience."

The Bill which was the subject of this earnest appeal, passed into a law on the 19th July, 1844, and was intitled "An Act to regulate the Issue of Bank Notes, and for giving to the Governor and Company of the Bank of England certain Privileges for a limited period;" and as in this Act the rules and regulations by which the issues of country notes are for the future to be governed form the principal portion of it, we have inserted at the end of the chapter on Country Banking the clauses which relate to the issue of country notes, whilst the following refer exclusively to the Bank of England.

Section 1 enacts, that from and after the 31st August, 1844, the issue of promissory notes of the Governor and Company of the Bank of England, payable on demand, shall be separated and thenceforth kept wholly distinct from the general banking business, in a separate department, to be called "The issue department of the Bank of England."

Section 2 provides for the management of the issues by the Bank.

Section 3 provides for the portion of silver bullion to be retained in the issue department.

Section 4 enacts, that all persons may demand of the issue department notes for gold bullion at the rate of 3*l.* 17*s.* 9*d.* per ounce of standard gold.

Section 6. An account of the amount of notes issued by the issue department, and of gold coin, and of gold and silver bullion respectively, and of securities, &c. in the said issue department, to be furnished every week to the Commissioners of Stamps and Taxes.

Section 7 exempts the Bank of England from stamp duty upon their notes.

Section 8. The Bank to allow 180,000*l.* per annum out of the sums now payable, as a consideration for the privilege of exclusive banking.

Section 9 enacts, that the Bank allow the public the profit obtained by any increase of their circulation beyond the amount fixed by this Act.

We have now brought the history of the Bank of England down to our own times. Our next chapter will be devoted to a description of the business carried on by this important corporation; and we close this chapter with a summary of the successive renewals of the Bank charter, of the conditions under which these renewals were obtained, and of the variations in the amount and interest of the debt due by government to the Bank exclusive of the dead weight.

Date.	Conditions.	Amount of Debts.
1694.	5 and 6 Will. III. cap. 20. The charter of the Bank was granted in pursuance and under the authority of this Act, redeemable upon the expiration of twelve months' notice, to be given after the 1st August, 1705, and on payment by the public to the Bank of the sum advanced for the service of the government, viz. . . . . for which the Bank received 8 per cent. interest.	1,200,000 0 0
1697.	8 and 9 Will. III. cap. 10. The said charter was extended or renewed until the expiration of twelve months' notice, to be given after the 1st August, 1710, and until payment by the public to the Bank of the demands therein specified, being an extension or renewal for five years.	
1708.	7 Anne, cap. 7. The said charter was extended or renewed until the expiration of twelve months' notice, to be given before	
	Carried forward	1,200,000 0 0

Date.	Conditions.	Amount of Debt.
	Brought forward	1,200,000 0 0
	the 1st August, 1732, and until payment by the public to the Bank of the demands therein mentioned, being an extension or renewal for twenty-two years. On this occasion the Bank, for the first time, secured the exclusive privilege of banking; and in consideration for such an important monopoly the Bank advanced 400,000*l.* to government without interest, and delivered up to be cancelled 1,775,027*l.* 17*s.* 10*d.* Exchequer bills, in consideration of receiving interest on their debt after the rate of 6 per cent. per annum	2,175,027 17 10
1713.	12 Anne, cap. 11. The said charter was extended or renewed until the expiration of twelve months' notice, to be given after 1st August, 1742, and on payment, &c.; being an extension for ten years.	
1716.	3 George I. cap. 8. The Bank advanced to Government at five per cent. . . . By this Act the interest on the Exchequer bills cancelled in 1788 was reduced from 6 to 5 per to cent.	2,000,000 0 0
1721.	8 George I. cap. 21. The South Sea Company were authorised to sell 200,000*l.* per annum, government annuities; and corporations purchasing the same at twenty-six years' purchase, were authorised to add the amount to their capital stock. The Bank purchased the whole of the 200,000*l.* per annum at twenty years' purchase, making . .	4,000,000 0 0
		9,375,027 17 10
	Repaid to the Bank as a balance of sums advanced and paid between 1727 and 1738	275,027 17 10
		9,100,000 0 0
1742.	15 George II. cap. 2. The said charter was extended or renewed until the expiration of twelve months' notice, to be given after the 1st August, 1764, and until payment, &c.; being an extension or renewal for twenty-two years. Under this Act the Bank advanced the further sum of . . .	1,600,000 0 0
	Carried forward	£10,700,000 0

Date.	Conditions.	Amount of Debt.
	Brought forward	£10,700,000 0 0
1746.	19 George II. cap. 6. The Bank delivered up to be cancelled 986,000*l.* in Exchequer bills, in consideration of an annuity of 39,472*l.*, being at the rate of 3 per cent. per annum	986,000 0 0
1749.	23 George II. cap. 6. The interest of the Four per Cent. Annuities was to be reduced to 3½ per cent. for seven years, and after that to 3 per cent.	
1764.	4 George III. cap. 25. The said charter was extended or renewed until the expiration of twelve months' notice, after 1st August, 1786, and until payment, &c., being an extension for twenty-two years; as a consideration for which the Bank paid into the Exchequer, free of all charges, 110,000*l.*	
1781.	21 George III. cap. 60. The said charter renewed or extended until the expiration of twelve months' notice, to be given after 1st August, 1812, and until payment, &c.; being an extension for twenty-six years. Under this Act the Bank advanced 3,000,000*l.* for the public service for three years, at three per cent.	
1800.	39 and 40 George III. cap. 28. The said charter was extended or renewed until the expiration of twelve months' notice, to be given after 1st August, 1833, and until payment, &c.; being an extension of the charter for twenty-one years. Section 13 secures the rights and privileges of the corporation in very strong terms. Under this Act the Bank advanced to government 3,000,000*l.*, for six years, without interest, which was subsequently continued till six months after the signature of a definitive treaty of peace.	
1808.	48 Geo. III. The allowance to the Bank for the management of the National Debt was regulated.	
	Carried forward	£11,686,000 0 0

Date.	Conditions.	Amount of Debt.
	Carried forward	£11,686,000 0 0
1816.	5 and 6 George III. cap. 96. The Bank advanced to the government . . . at 3 per cent., to be repaid on or before August 1833.	3,000,000 0 0
		14,686,800 0 0
1833.	3 and 4 Will. IV. cap. 98. The said charter was extended or renewed till twelve months' notice, after 1st August, 1855, with a proviso that it might be dissolved on twelve months' notice, after 1st August, 1844, and on payment, &c. This Act directs that a fourth part of the debt due to the Bank be paid off	3,638,250 0 0
		£11,048,550 0 0
1844.	7 and 8 Vic. cap. 32. The said charter renewed or extended till twelve months' notice, to be given after 1st August, 1855, and upon re-payment, &c. This Act makes very extensive alterations, not only in the system of the Bank of England, but of all banks in England and Wales. It regulates the amount of the issues of the Bank of England, and enables the Bank to add to their securities 3,000,000*l.* of Government stock or Exchequer bills, &c.	

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CHAPTER V.

ON THE BUSINESS OF THE BANK.

The Bank commence business in Grocers' Hall—Build a new Bank—Description of the Building, and its subsequent enlargement—Allowance made to the Bank by Government—Retirement of Mr. Abraham Newland—Commissioners appointed to improve the style of Bank notes—How manufactured—A singular trial caused by a note—Account of outstanding Bank notes in 1832—The thousand-pound note and the Bank clerk—Losses sustained by the Bank—Great profits of the Bank, and whence derived—Description of the dead weight—Business of the Bank. How divided—Number of persons officially employed—Annual election of all the Officers of the Bank—Class of Proprietors from whence Directors are chosen—Uniform integrity of Directors in the discharge of their duty—Scale of votes at General Courts—Management of the affairs of the Bank exclusively in the Directors—Mode of declaring dividends on Bank stock—The Bank compelled to publish a state of their affairs—Nature of the transactions of the Bank with the Exchequer, as described by Abraham Newland—Origin and progress of the National Debt—Dr. Price on reversionary annuities—Stockbrokers. Speculating in the funds—Bulls, Bears, and Lame Ducks—Origin of the Sinking Fund, and its final extinction—Mode of providing for the Dividends by Government—General plan of business—The late Mr. Rippon, Chief Cashier of the Bank.

BEFORE we proceed to give an account of the manner in which the affairs of the Bank of England are conducted, a few remarks on the building itself may perpetuate some material incidents respecting it.

On the establishment of the Bank in 1694, the Directors engaged the hall of the Grocers' Company for the purposes of their business, and continued to occupy it until the year 1732, when, having made a proposition to the Grocers' Company for a renewal of their lease, the terms of which were not approved of, the Directors, at a general court of the Governors and Company of the Bank of England, held on Thursday, the 20th of

January, 1732, were empowered by a resolution of that Court, to "build a new Bank in Threadneedle-street, and to erect an equestrian statue of King William before it."

The Governor and Directors of the corporation proceeded on the 1st of August, 1732, to lay the foundation stone, on which was the following inscription:

"The foundation of this building of the Bank of England was laid August the 1st, 1732, in the sixth year of the reign of King George the Second, Sir Edward Bellamy, knight and alderman, Governor; the Honourable Horatio Townshend, esquire, Deputy Governor;" together with the names of the several Directors.

Soon after the completion of the building, the proprietors of the Bank caused a statue to be erected in the Great Hall in commemoration of its founder, with a Latin inscription, of which the following is a translation:

For restoring Efficacy to the Laws;
Authority to the Courts of Justice;
Dignity to Parliament;
To all his subjects their Religion and Liberties;
And confirming these to posterity,
By the succession of the illustrious House of Hanover
To the British Throne:
To the best of princes, William the Third,
Founder of the Bank,
This Corporation, from a sense of gratitude,
Has erected this Statue;
And dedicated it to his Memory
In the year of our Lord 1734,
And the first year of this Building.

The original extent of the Bank comprehended the site of the house and garden formerly belonging to Sir John Houblon, one of the first directors, and was comparatively a small structure, quite invisible towards the street, the entrance being through an arched court, surrounded by many other buildings: viz., a church called Saint Christopher le Stocks, three taverns in

Bartholomew-lane and two on the south side, and upwards of twenty private houses; the whole of which have been removed.

That part which formed the churchyard of Saint Christopher's has been preserved, and is now called the Garden: it is inclosed within an iron fence, and surrounded on all sides by the offices of the establishment. One of the clerks, of the name of Jenkins, lies buried in this consecrated ground. The cause of his interment in such a place arose out of a fear, as expressed by his friends, that in consequence of his singular height (he was upwards of *seven feet*) his body would be exhumed if it were buried in any other place.

By the 33rd of George III. cap. 15, the Governor and Company were authorised to purchase certain houses and grounds contiguous to the Bank. The preamble recites the 4th of George III. cap. 49, which enabled the Governor and Company of the Bank of England to purchase houses and ground for opening a passage for carriages from Cornhill to the Bank, &c.; and the 5th of George III. cap. 91, for vesting certain glebe lands belonging to the rectory of the parish church of Saint Christopher, in the city of London, to the Governor and Company of the Bank, &c.; and the 6th George III. cap. 76, enabling the Governor and Company of the Bank of England to purchase certain houses and ground near to the Bank, &c.; and 21st George III. cap. 71, for vesting the parish church of Saint Christopher le Stocks in the Governor and Company of the Bank of England; and states, that by virtue of these Acts, and of several purchases made from time to time, the Governor and Company of the Bank are now become owners, not only of the site on which the Bank is erected, but of certain premises along the east side of Princes-street, the south side of Lothbury, and the whole of the west side of Bartholomew-lane, except three

houses adjoining Lothbury; and it further states, that the premises on the south side of Lothbury and the said three houses, are the only premises which adjoin the Bank; and that it would add much to the safety of that edifice if the said houses were removed, which was ultimately done.

On the east side of the entrance of the Bank are the several offices connected with the management of the national debt, and over the door of each is displayed the designation of the funds managed within.

That portion of the Bank called the Rotunda is a noble building crowned with a dome, admitting the light through an elegant cupola, supported by twelve female figures representing the months of the year. Within the cupola is an anemoscope, showing the direction of the wind.

The Rotunda was originally built for and used by stock brokers or jobbers, and was frequented by the buyers and sellers of stock, all eagerly occupied, and expressing by their countenances the importance of their business, until the Directors of the Bank, a few years back, drove all the busy throng out of the place; when, from the solemn and sepulchral silence that reigned within it, a stranger would naturally ask, "For what purpose was this stately edifice erected?"

The good sense of the Directors, however, at last turned it into an office for the payment of the dividends, for which purpose, from its contiguity to the different stock offices, it is admirably adapted.

In the museum in Lincoln's Inn Fields, called Sir John Soane's Museum, are exhibited accurate drawings of nearly every office in the Bank; and, however enlarged may be the stranger's ideas of the extent of the establishment by viewing these pictures, an examination of the building itself is sure to surpass them.

This extensive pile measures, on the south side, 365

feet; on the west, 440 feet; on the north, 410 feet; and on the east, 245 feet. The whole is inclosed within the four streets of Threadneedle-street, Princes-street, Lothbury, and Bartholomew-lane. The principal front is composed of a centre and two wings: the latter are ornamented with a colonnade of Corinthian pillars, which are esteemed very beautiful. Through the former you approach the original hall, which is a noble apartment 75 feet in length and 40 in breadth: behind the hall is the bullion court, which is approached from Lothbury through a magnificent arch and façade, designed on the model of the triumphal arch of Constantine at Rome.

The entablature is supported by Corinthian columns, fluted, and crowned with statues emblematical of the four quarters of the globe; and the intercolumniations are enriched by basso relievo in panels, allegorically representing the Thames and the Ganges.

The great roses in the vaulting of the arch are exact copies from those of the temple of Mars the Avenger, at Rome.

The outside wall at the back of the Bank was, until lately, strangely ornamented at the top, forming, by its heavy aspect, a singular contrast with the simple elegance of the front. Since the rebuilding of the Royal Exchange, and the various other improvements in the immediate neighbourhood, the entire wall of the building has been raised several feet, which not only gives it a better appearance, but has added considerably to the safety and general defence of the building.

Visitors to the Bullion Office, not many years ago, were shown the identical old chest, somewhat larger than a common seaman's, and also the original cases, where the cash, notes, papers, and books of accounts once were kept: they were interesting mementoes of the Bank's original simplicity and confined operations, and furnish a curious contrast to its later amazing development.

The Bullion Office was established as a separate department almost as soon as the Bank commenced business in their present premises, and it was instituted for the purpose of accommodation and safety between merchant and merchant, as a place of deposit. It used formerly to be called the warehouse, and has only gone by its present name about forty years.

All the bullion brought into the Bank lies in this office for the owner to whom it is consigned, and is generally deposited by ship-masters; for the safe custody of which the Bank make no charge.

There are two departments of the Bullion Office, one of which is connected with the Bank, whilst the other is a deposit office for the accommodation of merchants. The deposits consist in the first instances of packages received from ship-masters, and as they arrive an entry is made of the name of the ship-master and the consignee, the name of the vessel by which the importation has been made, the number of the packages, and what they are said to contain. When a sale takes place (which is effected by a broker between seller and buyer, and who gives a contract to each) the owner of the specie brings the bill of lading describing the marks and contents of the packages, which are then opened, and their contents weighed and bought by the Bank. If consisting of gold, the price is fixed at 3*l.* 17*s.* 9*d.* per ounce; if of silver, it is bought at the market price, which varies according to supply and demand.

Previous to the year 1786, the Bank received an allowance of 562*l.* 10*s.* per million for the management of the national debt; from that period till the year 1807, such allowance was reduced to 450*l.* per million, besides an allowance for the trouble in receiving contributions on loans, &c; when, it being considered that the actual expenses incurred by the Bank in this department did not exceed 180*l.* per million, the allow-

ance on account of management was reduced to 340*l.* per million on 600,000,000*l.* of the public debt, and to 300*l.* per million on all further additions to the debt, exclusive of some separate allowances for annuities, amounting to 8,820*l.* 15*s.* 2*d.*

The total sum paid by the public to the Bank on account of loans raised, Exchequer bills funded, transfer of Three and a Half per Cent. stock, &c. from 1793 to 1820, both inclusive, amounted to 426,795*l.* 1*s.* 11*d.*; but this was exclusive of the above charge for conducting the national debt.*

At a general court of the Directors, held on the 18th of September, 1807, Mr. Abraham Newland, who had been upwards of fifty years in the service of the Bank, resigned his office of chief cashier. The court intimated to Mr. Newland their intention of settling an annuity on him agreeably to custom; but this he modestly refused, being possessed of ample property. He, however, was prevailed upon to accept a service of plate valued at 1,000 guineas.

About the year 1819, a great outcry was raised against the Bank for not adopting a style of note which could not be imitated, and thus prevent the sad sacrifice of life which, unhappily for the country, about this period was too common. The subject at last became so pressing, that the government appointed commissioners to investigate the causes of the numerous forgeries, and whether a mode could be devised whereby the forging of bank notes might be prevented.

Previous to this investigation, the Directors of the Bank had been endeavouring to remedy the evil, many plans having been submitted to them, all of which they were obliged to reject. At one time they were about to adopt a curious and very costly machine for printing the note on both sides so exactly alike as to appear

* Parliamentary Papers, No. 81, Session 1822.

one impression, when a workman came forward and showed that the same thing might be done by the simple contrivance of two plates connected by a hinge.

The commissioners, as a means of facilitating their inquiries, requested the Court of Directors would furnish them with such rejected plans, by which it appears they received 180 projects for their adoption: these, together with the correspondence which accompanied them, were regularly classified and arranged. A statement of trials to which they had been subjected, specimens of the proposed originals, and of the imitations executed by the Bank, were also submitted to the commissioners.

The Bank also placed before the commissioners seventy varieties of paper made at their manufactory by way of experiments, in which almost every alteration recommended for adoption had been tried, and in some instances anticipated by the manufacturer.

It is due to the Bank to state that, on many occasions, so anxious were the Directors to secure the desired object, they furnished to the proposers of those projects which were of a superior kind pecuniary means to carry their ideas into effect.

The impossibility, however, of making notes which should be executed so as not to be imitated, and in such a manner as should render them fit for general circulation amongst all classes of society, was soon apparent to the commissioners, who nevertheless appear, in their report, dated 18th February, 1820, to have considered that by the adoption of the note fabricated by Messrs. Applegath and Cowper, great, if not insurmountable, obstacles would be opposed to the act of any person who might be disposed to engage in forging them.

The following curious description of the paper used in making bank notes is abridged from Mr. Barlow's

Lecture "On a Bank of England Note," recently delivered at the Royal Institution.

The colour of the paper is peculiar, and cannot exactly be imitated by a forger except at great expense. The combined thinness and strength of the paper is also unique. The paper is made in pieces large enough for two notes; each note before it is sized weighs about eighteen grains, and if then doubled it is strong enough to suspend a weight of 36lb.: with the addition of about a grain of size it will suspend 56lb. The texture of the paper is also peculiar; it has a crisp feel, invariably the same, and such that bank clerks of experience can readily detect forgeries by this test alone.

Then the wire mark, impressed in the making by a frame, costly to make and difficult to use, is practically inimitable. Each note has thin rough edges, uncut, not to be produced by any mode of cutting paper that is not made expressly for the purpose. The paper for printing is damped with water in the exhausted receiver of an air pump.

The ink used in the plate printing is made of Frankfort black, which is composed of the charcoal of the tendrils and husks of the German grape ground with linseed oil. This ink has a peculiar and very deep shade of black, common black inks being tinted either with blue or brown.

The notes of the Bank of England were by general consent treated as money before they were made a legal tender by Act of Parliament. No one can recover the value of a lost note should it be in the hands of a bonâ fide holder for a valuable consideration, and without a previous knowledge of the true owner; for the holder of a note is primâ facie entitled to prompt payment of it, and cannot be affected by the previous fraud of any former holder in obtaining it, unless evidence be given of culpable neglect or the knowledge of its having been

lost or stolen being brought home to him; and, as possession is primâ facie evidence of property in negotiable instruments payable to bearer on demand, in an action of trover for the recovery of a lost note the defendant will not be called upon to show his title to the note without evidence on the other side that he got possession of it wrongfully.

It was formerly the practice of the Bank to retain all forged notes that were presented for payment: this custom they have now discontinued, being satisfied with stamping the word FORGED on such fictitious notes.

On the 22d of February, 1819, an action for false imprisonment was brought in the Court of King's Bench against an inspector of the Bank of England, in the service of that corporation. It appeared that the plaintiff had paid away a one-pound bank note, which was pronounced by the Bank to be a forgery. Having by stratagem afterwards got possession of the note, the plaintiff paid the amount, and on refusing to deliver up the forged note, he was taken before a magistrate "for having a note in his possession, knowing it to be forged and counterfeit." On the evidence of the inspector, and at his instance, the plaintiff was committed to prison by a magistrate, and after three days' confinement was released on bail to appear when called on: at the expiration of twelve months, not having been called on, he brought his action, when, strange to relate, the note was proved to be a genuine Bank of England one-pound note. The jury immediately brought in their verdict, "Damages, one hundred pounds."

Very considerable sums are realized by the Bank from the accidental destruction of their notes, many of which are lost at sea, and numbers destroyed by fire, and the carelessness of individuals.*

* The following is an account of bank notes outstanding, from 1792 to 1832, a period of forty years only: (see p. 152.)

Between the years 1790 and 1829, the annual expenses of the Bank were increased by the following items:—

	£
1798. A voluntary contribution to the government by a vote of the proprietors	200,000
1804. Loss by Astlett's frauds . . .	342,697
Property tax paid by the Bank from 1797 to 1816	2,143,334
Actual loss sustained by the Bank, between 1790 and 1829, in supplying the gold and silver currency of the country	1,209,896
1830. In this year, the annual expenses of the Bank were nearly double what they had been in former years: this was caused, it appears, by a large sum having been written off at that time for the forgeries of Fauntleroy: the total amount lost by the Bank through his forgeries was	360,000

The total amount of the actual losses sustained by the Bank from forgeries in the public funds from 1822 to 1831, both inclusive, was 402,040*l.* in which amount the last item is included.

This enormous loss sustained by the Bank through forgeries within the space of ten years requires some special reference, more particularly as regards the last item in the above estimate.

	£
Of 5*l.* and upwards, dated between 1792 and 1st of January, 1812	280,380
From 1st of January, 1812, to the 1st of January, 1817 .	95,600
From 1st of January, 1817, to the 1st of January, 1822 .	149,869
From 1st of January, 1822, to the 1st of January, 1827 .	511,490
From 1st of January, 1827, to the 1st of January, 1832 .	297,000
	£1,334,330

Vide Bank of England Return to the Committee of the House of Commons, 1833.

It is customary for parties who have invested money in the funds, and who may reside in the country, to appoint some responsible parties in London to receive the dividends, and when necessary sell the stock.

This appointment is made by a deed called a power of attorney, which instrument gives authority to the party in whose favour it is made out, either to sell the stock or receive the dividends.

Most of the powers so granted are in favour of London bankers, who act upon them when for sale through a stock broker, and when for the receipt of dividends only they act personally.

The Bank have a regulation, that before a power of attorney for the sale of stock can be acted upon, it must be left at the power of attorney office in the Bank one clear day, to enable the authorities to make the necessary inspection as to the signature, &c. and this practice is never deviated from except on some very special occasion, and not then, unless an application to that effect be made by the party wishing to sell the stock.

Henry Fauntleroy, to whom we shall have occasion more particularly to allude when treating of London bankers, was in the habit of making these special applications for the transfer of stock, and, from the high position he held among the London bankers, no suspicion was created in the minds of any of the gentlemen at the Bank with whom Fauntleroy transacted business; he was therefore allowed to act upon powers of attorney on the day he made the application. This irregularity prevented the necessary comparison of the signatures of the powers of attorney with those in the stock books, all of which, unfortunately for the Bank, were at last discovered to be forged, and the above amount was the extent of the loss sustained by such forgeries.

Having enumerated some of the losses of the Bank, it may perhaps be as well to give an exhibit of their profits, which we are enabled to do from a return presented to a Committee of the House of Commons in 1832, stating the description of securities held by the Bank, and the sources from which the said profits were derived; premising that, if we except the item for the management of the public debt, the profits are now considerably enhanced.

	£
Interest on commercial bills . . .	130,695
Interest on Exchequer bills . . .	204,109
Annuity for 45 years, dead weight account	451,415
Interest on capital received from government	446,502
Allowance for management of the public debt	251,896
Interest on loans or mortgages . .	60,684
Interest on stock in the public funds .	15,075
Interest on private loans . . .	56,941
Profit on bullion, commission, rent, receipts, on discounted bills, unpaid management of the business of the Banks of Ireland and Scotland, and sundry claims	71,859
	£1,689,176

At the time of the renewal of the Bank charter in 1833, the impression that the Bank was overpaid for the management of the debt was still entertained, and a further reduction of 120,000*l.* per annum, by the 3rd and 4th William IV. cap. 98, was directed to be made from the sum which, up to that period, had been annually paid to the Bank.

Many people imagine that the government and the Bank are so identified the one with the other that it would be impossible to separate their interests; but

this is a great mistake. The government, although debtors to the Bank, are in every other respect perfectly independent of that corporation; and indeed the debt is of such a nature that it cannot be called in but on certain conditions, a consideration having been given for the loan of the money, which consideration, as we have before shown, consists in the privilege of being bankers to the state, and the sole bank of issue in the metropolis. The advantages derived from these two sources of profit are very considerable, as will be seen in the Appendix.

Independent of the usual discounts to the commercial world, the Bank are in the habit of making quarterly advances, which they do by issuing a public notice to the effect, that, on and after the day of , the Governor and Company of the Bank of England will be ready to receive application for loans upon the deposit of bills of exchange not having more than six months to run, Exchequer bills, East India bonds, or other approved security; such loans to be repaid on or before the day of next, with interest at the rate of per cent. per annum, and to be for sums of not less than 2,000*l.* each.

The funds of the Bank which are the sources of profit, and which constitute the measure of the sums they have to lend, subject only to a deduction on account of cash and bullion, may be classed under three heads:

First—The sum received from the proprietors as capital, together with the savings which have been added to it.

Secondly—The sums received from persons keeping cash at the Bank, or, in other words, balances on the accounts both of Government and individuals.

Thirdly—The sum received in return for notes put in circulation. A corresponding value for every note is

of course originally given, and the value thus given constitutes one part of the general fund to be lent at interest. A note holder does not in fact differ from a person to whom a balance is due: both are creditors of the Bank; the one holding a note, which is the evidence of the debt due to him; and the other having the evidence of the entry in his pass-book, or in the ledger of the Bank.

The sum at all times running at interest will be in exact proportion to the amount of these three funds combined.

The great change in the situation of the Bank took place after the exemption from cash payments, and which change, by extending its circulation, added largely to the profits of the Bank proprietors, who received occasional distributions, as follows:

In 1799 a bonus of 1,164,240*l.*, being 10 per cent. on the capital of 11,642,400*l.* In May, 1801, another bonus of 582,120*l.*, being 5 per cent. on the capital. In November, 1802, 291,060*l.*, being $2\frac{1}{2}$ per cent. In October, 1804, 582,120*l.*, being 5 per cent. In this year the salaries of the Directors of the Bank were increased. In October, 1805, a bonus of 582,120*l.*, being 5 per cent. on the capital, was given to the proprietors. In October, 1806, 582,120*l.*, being 5 per cent. And in June, 1816, 2,910,600*l.*, being 25 per cent. on the above capital of 11,642,400*l.* This latter bonus was added to the stock, which then amounted to 14,553,000*l.* Previous to 1807, when the legal interest was only 5 per cent., the annual dividend on Bank Stock was 7 per cent. It was in that year increased to 10 per cent., and continued at that rate till the year 1822. If therefore we add the additional 3 per cent. received during the sixteen years, amounting to 5,588,352*l.*, and the interest on the above sum of 2,910,600*l.* from 1816 to 1831, on which the proprietors of Bank Stock received 10 per cent. for six years, and 8 per cent. for nine

years,—say 3,987,522*l.*,—it will be found that the proprietors have received, in the shape of bonuses and additional dividends, during a space of thirty-four years, the enormous sum of 16,270,254*l.*, whilst their original capital of 14,000,000*l.* remained undisturbed.*

In the year 1823, the several pensions payable to the retired officers of the army, navy, and ordnance, amounted to the very large sum of five millions annually.

The government, seeing on the one side that the pressure of taxation was very severe, and on the other that our population-returns showed a regular increase of numbers, with the prospect of continued peace, were justified in assuming that the nation would gradually be less oppressed by the burden; and the plan of obtaining present relief by transferring a part of that burden to the next generation was recommended.

The debt in question was not in its nature permanent: the deaths occurring among the officers lessened the amount to be paid by nearly 100,000*l.* annually, and it was calculated that, on the average of mortality, the whole would come to a close in forty-four years.

This suggested the idea of offering to a great public body a fixed annuity for that term of years, in consideration of their relieving the public of a part of the present payment.

The Directors of the South Sea Company entertained the project for a time, but soon discovered that it was beyond their means. The government had then recourse to the Bank of England, who accepted the offer to a limited extent, and advanced in the course of five years nearly eleven millions sterling, receiving from the government an engagement to pay them an annuity of 585,740*l.* until the year 1867.

The Bank no doubt has since found good reason to regret this contract, which was very appropriately called

* *Vide* Report on Bank Charter, 1833.

"THE DEAD WEIGHT;" for a great portion of the money they advanced must have been that of their customers; and, by locking up funds which they were liable to be called upon to pay on demand, they were placed on several occasions in great jeopardy, of which we shall presently have to record a remarkable instance.

During the monetary crisis of 1825, and the beginning of 1826, to which we have more particularly alluded in the previous chapter, the Bank of England advanced nearly ten millions of money on the security of stock, and other property which was absolutely unsaleable.

Mr. Harman, speaking of this period before a Committee of the House of Commons, says,

"We (that is, the Bank) lent assistance by every possible means, and in modes that we never had adopted before. We took in stock as security; we purchased Exchequer bills; we made advances on Exchequer bills; we not only discounted outright, but we made advances on the deposit of bills to an immense amount—in short, by every possible means consistent with the safety of the Bank, and we were not upon some occasions overnice: seeing the dreadful state in which the public were, we rendered every assistance in our power."

Up to the 8th of December, 1825, the advances by the Bank in discounts were seven millions and a half; on the 15th, they were eleven millions and a half, and on the 29th, they were fifteen millions. The number of bills discounted in one day was 4,200, and the number of applicants exceeded 2,500, all of whom were accommodated.*

The following letter and memorandum from Lord Liverpool and the Chancellor of the Exchequer were received by the Governor, and laid before the Court on Tuesday, the 28th of February, 1826:

"Gentlemen,—In order to prevent any misapprehen-

* *Vide* Report of Committee of the House of Commons in 1826.

sion upon the subject of our discussion yesterday, we think it right to transmit to you the enclosed memorandum, explanatory of the several points which we then brought under your consideration. We have the honour to be, gentlemen, your most obedient humble servants, (Signed) LIVERPOOL,
F. J. ROBINSON.

" The Governor and Deputy Governor
of the Bank of England.

MEMORANDUM.

" 1. In the event of the Bank consenting to advance money upon the security of goods under the present circumstances of the country, it is understood that these advances should not exceed the sum of three millions in the whole.

" 2. That, assimilating the principle of these advances to the advances made in the ordinary course of discount upon bills of exchange, they shall be subject to repayment in three months.

" 3. The government to propose to Parliament that the provisions of the Act respecting merchant and factor, which will be in force in October next, shall be brought into immediate operation in respect to any goods which may be pledged to the Bank under the proposed arrangement.

" 4. If the Bank should think proper to make advances in conformity to these suggestions, the government engage to submit to Parliament the necessary measures for enabling them to reduce the present amount of the advances of the Bank to the government by a repayment of six millions; such repayment to be made as soon as may be practicable, and at all events before the close of the present session of Parliament."

" Resolved—That this Court, having distinctly understood the determination of his Majesty's government not to make any advances for the relief of the com-

mercial distress now prevailing, reluctantly consent to undertake the measure proposed, to an extent not exceeding three millions, upon the terms and conditions expressed in the communication of the First Lord of the Treasury and the Chancellor of the Exchequer."

The following is an account of the places at which boards were established by the Bank of England for advances on goods, and the amount of such advances.

		£
1826	Manchester . . .	115,490
,,	Glasgow	81,700
,,	Sheffield	59,500
,,	Liverpool	41,450
,,	Huddersfield . . .	30,300
,,	Birmingham . . .	19,600
,,	Dundee	16,500
,,	Norwich	2,400
	Total amount advanced on goods .	£366,940

All other advances made by the Bank, either upon purchase of Exchequer bills, or by discount of commercial bills, were exclusively upon the responsibility of the Bank.

In the summer of 1839, the Directors of the Bank were again made sensible of the impropriety of locking up so large a portion of their funds in the Dead Weight; and, as a means of relieving themselves from their perilous condition, they put up a portion of it for sale; but, the price offered not being such as they deemed sufficient, no sale was effected. They then pledged a portion of it to the East India Company for 750,000*l.* in Exchequer bills, which bills the Bank soon after sold, and withdrew notes to that amount; and as a further means of retrieving their exhausted state they, in addition to raising the rate of interest, had recourse to a plan which was as discreditable to a corporation like

the Bank of England as it was unprecedented: viz., that of borrowing money of foreign bankers through the medium of accommodation bills, drawn by the house of Baring and Company on their correspondents at Paris, Amsterdam, and Hamburgh.

The security given by the Bank for these bills was that of transferring a given amount of the dead weight into the names of two parties, one representing Messrs. Barings, and the other the acceptors of the bills.

The negociating of these bills, which altogether amounted to 2,500,000*l.*, took place between the months of July and October, 1839, and the bills were subsequently provided for by a remittance of gold and silver and the purchase of Exchequer bills.

In the month of September, 1839, the amount of gold in the Bank was reduced to 2,727,000*l.* with a circulation of 17,906,000*l.* and deposits averaging 7,600,000*l.* — together 25,506,000*l.*; but the above financial operation had the effect, in the month of October of that year, of stopping the call for gold.

During the same year the greatest variation took place in the rate of interest charged by the Bank on discounts that ever occurred before within the same period of time. On the 16th of May, the rate was raised from four to five per cent.; on the 20th of June it was further raised to five and a half per cent., and on the 1st of August it was fixed at the rate of six per cent.—a circumstance that had not happened within the past century.

The Bank of England have a large daily demand on the private bankers for bills falling due at their respective houses. It was formerly the custom to collect the chief part of this demand before mid-day, and it was incumbent on the private banker to discharge such bills in notes; but the settlement of the charge, as it is termed, does not take place till the afternoon,

giving the banker time to receive his collections for the day, and in particular the drafts on the Bank for the amounts discounted with them on that day by the banker's mercantile connexions.

These drafts are sent into the Bank in payment for the charge, and contribute to perform those functions for which notes were formerly indispensable, and in that respect may be considered as a species of clearing.

The business of the Bank is now divided into two departments, called the issue department and the banking department. The chief cashier is the banker, who transacts all the business of receiving and paying money, and issues the bank notes.

The accountant-general of the Bank superintends the accounts of the public creditors, and all the business connected with the national debt.

The number of persons officially employed at the Bank and its branches in 1832, according to the parliamentary returns, was 940; and the amount of yearly salaries, gratuities, &c. paid to the several officers and servants of the establishment was 211,930*l.* 10*s.* 10*d.*, averaging 225*l.* each. There were also 193 pensioners, receiving annually 31,242*l.* 18*s.* 11*d.*, averaging 161*l.* each.*

All the officers of the Bank, including the Governor, Deputy Governor, and Directors, are, according to the terms of the charter, elected annually on the 1st of May. It was the custom for the Governor, Deputy Governor, and Directors, to take the oath prescribed by the charter, and afterwards all the clerks of the establishment took an oath of fidelity: the mode adopted was as follows. The Governor, Deputy Governor, and Directors, having previously taken the required oath, sat in the bank parlour, and the clerks of all the offices were introduced in sections of a limited number, each

* *Vide* Appendix.

person answering to his name, and an oath was administered, as follows: "I, A. B., being elected into the service of the Governor and Company of the Bank of England, do swear, that I will be true and faithful to the said Governor and Company, and will faithfully and truly execute and discharge the said office or place to the utmost of my skill and power: So help me GOD."

This practice is now however omitted, so far as the clerks are concerned.

The Directors of the Bank are chosen from among the proprietors of stock who are merchants of the city. A banker is never admitted to a seat in the direction: it is difficult to account for this exclusion, but the fact is so.

On several occasions we have disapproved of the conduct of the Bank, yet we freely admit that, extensive as our researches have been into its transactions, we have never found a single instance in which a Director of the Bank has taken advantage of his situation by making it subservient to his private interests. This is a degree of virtue highly and loudly to be commended in these degenerate days. No director ever holds more stock, during office, than the requisite qualification of 2,000*l.*; and the Governor, when his year of office expires, immediately reduces the amount of his stock, which during his management has been doubled, to its original amount. As a strong instance of the truth of this assertion,—when in 1816 the very large bonus of 25 per cent. increase of capital was given to the proprietors, "the Bank Directors," according to the evidence of Mr. Horsley Palmer, before the Committee on the Bank Charter, "remained, as they were before, small proprietors of stock."

The number of votes possessed by any one of the proprietors of bank stock cannot exceed four: the

following was the number of votes in each class in the year 1838 :—

One vote.	Two votes.	Three votes.	Four votes.
1	446	168	463

The total number of proprietors entitled to vote at every court of proprietors was accordingly 1,078.

The Act of the 7th George III. enacts, that no person shall be entitled to vote at any of the quarterly meetings of the proprietors of bank stock, unless he has been six calendar months possessed in his own right of the stock on account of which he tenders his vote; unless the said stock shall have been acquired, or shall have come by bequest, or by marriage, or by succession to an intestate estate, or by the custom of the city of London, or by any deed of settlement after the death of any person who shall have been entitled for life to the dividends of such stock.

It is incumbent on the chief cashier or his deputy to reside within the walls of the Bank. The apartments appropriated to such officer are re-furnished on the appointment of every new cashier, and according to his own taste, at a cost not exceeding a certain amount, but which is always very ample.

All the avenues of the Bank are closed by eleven o'clock at night, and the keys of the several gates are at that hour delivered into the custody of the chief cashier or his deputy, after which no person is permitted, on any pretence whatever, either to leave the premises or gain admittance.

The management of the affairs of the Bank rests entirely in the Court of Directors, the whole of whom interfere in the general concerns of the Bank. They are all aware, by a weekly statement read to the court, of the actual position of the Bank in every department, of its securities, its bullion, and of its liabilities; and

no portion of the Directors have a greater control over the affairs than others.

The Directors, although they call the proprietors together at stated periods, do not allow them to exercise any judgment, either as regards the rate of dividend, or in the choice of Directors. These subjects are adjusted by the Board of Directors: the proprietors are simply called upon to register, without knowing wherefore, the previous resolutions of the board. All that generally passes at those courts, called for considering and declaring dividends, is, that the Governor declares *the Directors are of opinion* that the dividend should be so much, and desires the proprietors to signify their assent or dissent. Singular to say, the former is invariably conceded. The dividend is declared without any production of accounts, the opinions of the Directors being adopted in contradiction to positive Acts of Parliament, which direct, *that the whole of the profits* shall be annually divided among the proprietors for the time being.

At the half-yearly meetings of the proprietors of the Bank, it sometimes happens that one or more of the stockholders endeavour to elicit some information relative to the conduct of the executive, and also as to the cause of any particular loss sustained by the Bank, and from what data the Directors have fixed the dividend. These and similar questions are generally put in the most cautious manner; and, if answered at all—which is a rare occurrence—are met with an equal degree of caution on the part of the Governor. That functionary is, however, on some occasions, taken by surprise and betrayed into admissions which are contrary to the practice of the court. A singular instance of this occurred a few years ago, at a meeting for declaration of dividends, when it was stated by the Governor,* that

* Sir John Rae Reid.

during the past year the amount of commercial paper discounted by the Bank was 40,000,000*l.* As this amount was unusually large, and as the rate of interest charged by the Bank was $5\frac{1}{2}$ to 6 per cent. with only a loss of 600*l.*, it naturally occurred to the stockholders to inquire why the dividend was not larger than the corresponding period of the last year; and, on one of them putting a question to the chair, as to whether the repayment of the money borrowed from the Bank of France had been attended with any considerable loss to the corporation, the Governor was on the point of answering this question, when some kind friend, like a second Mentor, whispered something in the ear of the Governor, which had the effect of immediately sealing his lips, and he refused to answer the question.

At these periodical meetings, as little as possible of the affairs of the Bank is disclosed by the Directors, from the fear that, should they be more explicit, it might endanger their property by depreciating the value of bank stock; and, to such an extent is this system of secrecy carried, that it is a proverbial saying, "That if you met a Bank Director going across the Royal Exchange, and you asked him what o'clock it was," he would say, "You must excuse me answering *that* question."

In former times the practice of the Bank of England, like that of Venice and Amsterdam, was to observe strict secrecy in regard to its affairs, whether relating to the amount of its notes in circulation, its treasure in hand, or its yearly profits. But, on the renewal of their charter in 1833, it was one of the conditions that the Directors of the Bank should send to the government a weekly and monthly statement of their liabilities and assets, from which a quarterly statement should be compiled and published in an official form in the "London Gazette." The Bank at first strongly opposed the

publication even of this meagre state of their affairs, on the plea that it would be prejudicial to its interests; but they at last yielded the point, and continued to publish their quarterly statements in the "London Gazette," until the passing of the 7 and 8 Victoria, cap. 32, which obliges the Bank to publish a weekly statement of its affairs, "according to the Schedule attached to this Act."

A very clear exposition of the nature of the transactions of the Bank with the Exchequer was given by Mr. Abraham Newland, the chief cashier of the Bank, on the 28th of March, 1797, in his examination before the Committee of Secrecy appointed by the House of Lords; the following extract of which is in the precise words of that faithful officer of the Bank, who had at that period been nearly half a century in the service of the corporation:

Q. What is your employment at the Bank?

A. I am chief cashier, and superintend many departments therein.

Q. Will you explain to the Committee the manner in which business is conducted between the Bank and the Exchequer?

A. When application is made from the Lords of the Treasury to the Bank to advance money on the land tax, malt duties, vote of credit, or any other service, the rate of interest is then adjusted. After this the Lords of the Treasury direct issues either out of the land, malt, vote of credit on the public money, to be paid for the use of the army, navy, ordnance, or a variety of other services, upon which credit is given to the paymaster of the army, navy, ordnance, &c., to the amount of the sum issued for that particular service, and for which the Bank receives as many Exchequer bills of 1000*l.* each as the said sum amounts to; which, when done, the paymasters draw on the Bank for the sum carried to the credit of their accounts. If the sum

is a fractional part of 1000*l.*, the difference is made up in cash. If monies are issued to the paymasters of the army, navy, &c., or other persons for any other services, out of monies remaining in the tellers' chest, then the tellers return to the clerk of the Bank as many Exchequer bills of 1000*l.* each as they have given credit for in the books of the paymasters, or that they have given bank notes for.

If the parties should choose to take bank notes instead of a credit in the books, the Bank receives Exchequer bills in lieu thereof. If any individual has money to pay into the receipt of the Exchequer, whether it arises from loans, public duties, or any other services, the Bank gives to the tellers as many Exchequer bills of 1000*l.* each as the above sums amount to, they having received the like sum in bank notes or in cash in the course of the day, for which purpose three clerks of the Bank attend every day at the Exchequer.

Q. In the receipt of bills and cash at the Exchequer in the manner which you have described, what has been the proportion of cash, and did that proportion vary in the course of last year?

A. I conceive that in the course of a year 100,000*l.* in cash is fully sufficient to transact the business of the Exchequer: the detail part of the business is all transacted in the Bank.

Q. In what manner is the interest of the Exchequer bills paid and calculated? Do you receive the interest on the Exchequer bills only during the time that these Exchequer bills are in the Bank, or do you continue to receive it when they are deposited by the Bank with the Exchequer?

A. As to the first part of the question: when any money is paid on the land tax, or any other service, the same is given to the clerks of the Bank, and at the close of the day the clerks of the Exchequer send up a piece of paper to the Bank clerk, informing him that so

much money has been paid off the land tax, which sum he receives, and the interest ceases at the same time; but in regard to the second part of the question, whether the Exchequer bills remain in the Bank or are deposited in the Exchequer, the interest is continued to be paid until the land tax is paid off.

Q. But when money is raised under the authority of Parliament by Exchequer bills, when these bills have been issued by the Exchequer to the Bank, and afterwards are returned and deposited in the tellers' chest, do the Bank continue to receive interest for the bills so deposited?

A. They do.

Q. Are these bills, then, considered as so much cash paid by the Bank into the Exchequer, and is the Bank under an obligation to take back the Exchequer bills as cash?

A. They are.

Q. When notes or cash are paid to the Bank for the Exchequer, and Exchequer bills returned upon them, do not the government pay interest for these Exchequer bills?

A. Undoubtedly; for they are nothing more than pass tickets.

For nearly a century the Bank of England sent to the Exchequer persons duly authorised to examine and receive its own notes. And by virtue of the statute 46 Geo. III. cap. 75, 76, 83, and 150, the Bank clerks so attending the Exchequer were bound to receive cancelled notes from the Receivers-General of Customs, Excise, Stamps, and Post-office, and to give such Receivers-General credit for them with the teller as for so much cash. The practice also for many years prevailed of receiving, through the medium of the Bank clerks, not only these branches of the revenue, but all monies whatever paid to the teller on the public accounts, the general use of paper money having made it necessary

to adopt this course, in order to verify the notes presented at the Exchequer, and to enable the teller, consistently with his own responsibility, to accept them in payment of the revenue. The ordinary mode in which payments were made into the Exchequer was as follows: The person who brought the money deposited by direction of the teller his notes and cash with one of the Bank clerks, from whom he received a ticket, addressed to the deputy teller, expressing the amount of the sum so received on behalf of the teller.

At the close of each day's business, the payments made by the Bank on the teller's account were balanced against the receipts, and the difference, if in favour of the teller, was received by him from the Bank clerks. This balance was by them made up in separate parcels of Bank notes. Each parcel was ticketed with its amount and the date of its deposit. It was then examined by the teller's clerk, by an officer from the auditor and by an officer from the Pells office, and the whole sum—with the exception of the fractional parts under 100*l.*—was deposited in an iron chest in the cash-room of the teller.

From some inquiries on the subject of collecting and transmitting the public revenue to London, made by a Committee of the House of Commons in 1780, it appears that at that period the mode of transmitting the public revenue to the Treasury was both irregular and expensive.

In Scotland there was no certain or regular channel of remitting to the metropolis, and the remittances were not only very uncertain as to the time, but the collectors, not being always able to obtain bills, were frequently under the necessity of remitting to the Receiver-General the actual money which they had collected. In different parts of England the same difficulties had at former periods been experienced. From about the year 1740, it appears that a premium had

been paid to those who undertook the charge of remitting the money, varying from 2*s.* 6*d.* to 20*s.* per cent. This premium, as the country advanced in wealth and industry, was gradually reduced; and about the year 1778 it was entirely abolished. Since the general establishment of country banks, and the consequent increase of commercial confidence, the largest sums were remitted from the remotest parts with the most perfect regularity, and without either premium or security; the only advantage derived by the banker from the transaction being the use of the money for a certain number of days, varying in proportion to the distance from London.

Almost the whole of the public revenue from the country is now received at the various branches of the Bank of England, and the government have credit for it in the Bank books without any loss of time.

Previous to the consolidating of the nation's debts into what is now termed the public funds, the payments for all loans and taxes were made at the Exchequer. Since that time the Bank of England have undertaken generally the management of the national debt: they provide suitable accommodation for transferring the property of the fundholder, and they also pay the dividends on the same as they respectively become due.

The total amount of expenses incurred by the Bank in this branch of their business is 164,143*l.* per annum. The particular items of which this amount is composed will be found in the Appendix to the Report of the Committee of the House of Commons on the renewal of the Bank Charter in 1833.

The first attempt towards defraying the expenses of a war by regular loans was made by the state of Florence in the year 1341, when the government, finding itself in debt to the amount of 60,000*l.*, and unable

immediately to discharge the debt, formed the principal sum into an aggregate joint stock, divided into shares, which were made transferable, bearing interest at five per cent. per annum, and varying in price according to the state of public credit.

Though at so early a period as that we have mentioned the system now generally adopted was understood in Italy, and put in practice, yet it was not till the end of the seventeenth century that Louis XIV. of France funded—as it is called—though in a very irregular manner, the debts incurred by him in his long and expensive wars.

When, however, the plan of borrowing money to assist the operations of a war was first introduced into this country, it was merely considered as a temporary expedient to relieve a pressing emergency, without any apprehension of injury or inconvenience to posterity. For several years no other mode was thought of than that of anticipation; and parliamentary provision was invariably made for the liquidation of such debts by means of annuities of various kinds, and of taxes appropriated to particular debts, calculated to produce both interest and a surplus towards the discharge of the principal.

It was reserved for the house of Hanover to break through this salutary regulation; for we find that in the early part of the reign of George I. the doctrine of raising money by way of loan, and providing only for the payment of the interest, leaving the principal to be paid by posterity, was first adopted by the English government, who, finding it necessary to raise money, thought it safer to transfer the public debt to posterity than at that time to irritate the public mind by increasing the taxes for the discharge of the principal.

This policy gave rise to the Acts passed in the years 1715, 1716, and 1717, by which the several taxes appro-

priated to the discharge of the debts of the government were consolidated in four funds: viz., the Aggregate, the South Sea, the General, and the Sinking Fund. The latter was formed from the surplus of the three former, and was intended for the purpose of reducing and ultimately discharging the debts of the nation.

To each of these funds a variety of duties was appropriated, comprehending altogether the whole revenue, except the land tax and malt tax, which were granted annually, and other branches then appropriated to the support of the civil government. This was the commencement of the funding system.

The public debt is distinguished into funded and unfunded. The funded debt consists of the capital or annuities assigned for loans, and generally transferable at the Bank of England.

The unfunded debt may arise from any transaction which constitutes a claim against the public; but the greater part arises from the issue of Exchequer and Navy bills. These are convertible into funded debt, and have, from time to time, been funded to a considerable amount; that is to say, capital in one or more funds has been assigned to the holders of such bills, instead of payment on such terms as they were willing to accept.

A statistical account of the progress of the national debt, from its commencement to the end of the war, will be found in the Appendix; also an account of the annual revenues of the Kings of England from the time of the Conquest to the present day. The inaccuracy and ambiguity of ancient records prevent this latter document from possessing a claim to the character of official accuracy; notwithstanding which it is curious, as an approximation to a fair statement of the amount of the public incomes at various periods.

The debts contracted by government differ from

those between individuals, inasmuch as in the former the lender is not at liberty to reclaim his principal, and, therefore, if he should have occasion for the money so advanced, the only method by which he can obtain it is by transferring the debt due to him to some other person who may be disposed to purchase it. If the purchaser cannot, by employing his money in any other manner, realize a profit equal to the interest paid to the public creditor on the same sum, he will be induced to give the holder of the security somewhat more than the sum originally advanced; or if, on the contrary, he can make a greater interest by any other means, or entertains any doubt respecting the punctual payment of the interest and the ready disposal of the principal, when he may have occasion for his money, he will not invest his money in this way.

The greatest portion of the national debt consists of perpetual annuities; the other parts, of annuities for a certain number of years, and life annuities.

The perpetual annuities are distinguished according to the rate of interest they pay, or the time and purpose of their creation. When the government, by a new loan, contracts an additional debt bearing a certain fixed rate of interest, it is usual to add the capital thus created to the amount of that part of the public debt which bears the same interest and name, and to add the produce of the taxes levied for the payment of the interest of such new debt to the fund provided for paying the interest of the original or former capital; thus consolidating the old and new debts, and making the whole interest payable out of the general produce of the same fund:—hence we have the Three per Cent. Consolidated Annuities, &c. When the government were desirous of borrowing money, the Three per Cents. were generally preferred; and, supposing they could not negotiate a loan for less than $4\frac{1}{2}$ per cent., the object

was effected by giving the lender in return for every 100*l.* advanced 150*l.* in the Three per Cent. stock; in other words, the government bound the country to pay the lender or his assignees 4*l.* 10*s.* per cent. per annum in all time to come, or otherwise to extinguish the debt by a money payment of 150*l.*

In consequence of the prevalence of this practice, the principal of the debt now existing amounts to nearly one-fifth more than the sum actually advanced by the lenders.

On this subject Dr. Price, in his preface to the third edition of his "Observations on Reversionary Annuities," page 14, says, "Were a person in private life to borrow 100*l.* on condition it should be reckoned 200*l.* borrowed, at two and a half per cent., he would, by subjecting himself to the necessity, if he ever discharged his debt, of paying double the sum he received, gain something of the air of borrowing at two and a half per cent., though he really borrowed at five per cent. But would such a person be thought in his senses? One cannot indeed, without pain, consider how needlessly the capital of our debts has been, in several instances, increased. Thus do spendthrifts go on, loading their estates with debts, careless what difficulties they throw on the discharge of the principal, leaving that to their successors, and satisfied with any expedients that will make things do their time."

The loans to government are generally advanced by instalments, the first of which is usually 10 or 15 per cent. deposited at the time of subscribing, and the remaining payments are fixed at stipulated periods, seldom exceeding a month between each.

The greater part of the subscribers dispose of their several articles that make up the terms of the loan, and which collectively are called omnium, separately. They are distinguished by the name of scrip, an abbre-

viation for subscription, till the whole of the loan is paid up.

Previous to 1793, the manner of effecting loans was by open subscription at the Bank of England. Terms were proposed by government, and these were arranged so as to afford the subscribers a small additional rate of interest above the market rate; and the subscription was generally filled in a short time. But in 1793 Mr. Pitt introduced two alterations in the plan of borrowing: First. That of borrowing in a nominal capital: Secondly. That of receiving biddings for loans from "loan contractors." Since that time nearly all loans have been made in Three per Cent. stock.

The history of the finances of this country since 1793 presents several instances of enormous loss occasioned by mismanagement,. A great many millions have been wasted in the following ways:—First, by the sinking fund of Mr. Pitt; secondly, by raising loans in nominal capital; thirdly, by the Dead Weight loan; fourthly, by bad bargains in funding Exchequer bills; and fifthly, by the life annuity scheme.

No country has ever paid more dearly for the ignorance of its legislature in those things which are taught by the science of political economy; for it is to sheer ignorance, and not to any improper motives, that this immense loss of public property is to be attributed. Fortunately, the force of common sense is contributing to the rapid extension of this science, in defiance of all the attempts of interested or prejudiced individuals to decry it; and we may look forward to great practical relief from existing burdens and obstructions in finance and trade as the certain effect of its progress.*

The national debt is divided among, and forms the

* *Vide* Dr. Hamilton, "History of the National Debt," and Sir Henry Parnell on Financial Reform.

chief property of, a very large body of proprietors, who, being attached to the present state of things by the powerful tie of interest, and in general coming within Mr. Burke's definition of the political citizens who compose the British public, form a permanent majority "perfectly sound, of the best possible disposition to religion, to government, to the true and undivided interest of their country," which is one of the best securities for the continuance of our internal tranquillity and national prosperity.

The invariable and regular payment of the interest on public debts produces not only a useful employment for every man's money, but each individual has also an advantage in the support given to that state of which he is a member, because, in granting it, he exonerates himself from further evils, to which he would be exposed, if the state refused or was unable to pay.

When a bargain for the sale of stock is agreed on, it is carried into execution at the Transfer-office at the Bank or South Sea House. For this purpose the broker makes out a note in writing, which contains the name and designation of the seller and purchaser, and the sum and description of the stock to be transferred. He delivers this to the proper clerk, and then fills up a receipt, a printed form of which with blanks is obtained at the office. The clerk in the mean time examines the seller's accounts, and, if he finds him possessed of the stock proposed to be sold, he makes out the transfer. This is signed in the book by the seller, who delivers the receipt to the clerk; and, upon the purchaser signing his acceptance in the book, the clerk signs the receipt as witness. It is then delivered to the purchaser on the payment of the money, which concludes the transaction.

This business is often transacted by bankers, who derive their authority from their employers by power of

attorney. Some authorize the bankers to sell, others to accept a purchase, and others to receive the dividends: some comprehend all these objects, and the last two are generally united. Powers of attorney authorizing to sell must be deposited in the proper office for examination one day before the sale can be effected, for the purpose of examining into the genuineness of the signature and other matters: the neglect of this precaution formerly entailed upon the Bank considerable losses by forgeries. A stockholder acting personally, after granting a power of attorney, revokes it by implication. The person in whose name the stock stands when the books are closed is entitled to the dividend for the half year preceding, and therefore a purchaser during any period of the currency of the half year has the benefit of the interest on the stock he buys from the last term of payment to the day of transfer: the price of stock therefore rises gradually *cæteris paribus* from term to term, and when the dividends become payable the price again falls.

The dividends on the different stocks are so arranged as to become due at the different quarterly periods of the year, so that it is in the power of the stockholders to invest their property in such a manner as will enable them to receive their incomes quarterly.

The business of speculating in the funds is founded on the variations of the prices of stocks, which it probably tends in some measure to create. It consists in buying and selling stock, according to the views entertained by those who engage in the business of the probability of the value rising or falling.

This business is partly conducted by persons who have property in the funds. But a practice also prevails among those who have no such property, of contracting for the sale of stock on a future day, at a price agreed on. For example: A may agree to sell B

1000*l.* of Three per Cent. stock, to be transferred in fourteen days, for 600*l.* A has, in fact, no such stock; but if the price of that kind of stock on the day appointed for the transfer be only fifty-eight per cent., A may purchase as much as will enable him to fulfil his bargain for 580*l.*, and thus gain 20*l.* by the transaction. On the other hand, if the price of that stock should be sixty-five per cent., he will lose 50*l.* Transactions of this kind are generally settled without any actual transfer of stock, by A paying to B, or receiving from him, the difference between the actual price of stock on the day of settlement and the price agreed on.

This practice, which amounts to nothing else than a wager concerning the price of stock, is not sanctioned by law; yet it is carried on to a great extent; and, as neither party can be compelled by law to fulfil these bargains, their sense of honour, and the disgrace attending a breach of contract, are the principles by which the business is supported. In the language of the Stock Exchange, the buyer is called a *bull*, and the seller a *bear*, and the person who refuses to pay his loss is called a *lame duck;* and the names of these defaulters are exhibited in the Stock Exchange, where they dare not afterwards appear.

These bargains are usually made for certain days fixed by a committee of the Stock Exchange, called *settling days*, of which there are about eight in the year: viz., one in each of the months of January, February, April, May, July, August, October, and November, and they are always on Tuesday, Wednesday, Thursday, or Friday, being the days on which the Commissioners for the Reduction of the National Debt make purchases. The settling days in January and July are always the first days of the opening of the Bank books for public transfer, and these days are notified at the Bank

when the Consols. are shut to prepare for the dividend. The price at which stock is sold to be transferred on the next settling day is called the price *on account.* Sometimes, instead of closing the account on the settling day, the stock is carried on to a future day, on such terms as the parties agree upon. This is called a *continuation.*

All the business, however, which is done in the stocks *for time* is not of a gambling nature. In a place of such extensive commerce as London, opulent merchants who possess property in the funds, and are unwilling to part with it, have frequently occasion to raise money for a short time, Their resource in this case is to sell for money, and buy for account; and, although the money raised in this manner costs more than the legal interest, it affords an important accommodation, and it may be rendered strictly legal and recoverable.*

The origin of the Sinking Fund was the passing of an Act in the first Parliament of George I. entitled "An Act for redeeming the South Sea Company's Fund, and for settling on them a Yearly Fund after the rate of five per cent. per annum, and to raise for an Annuity or Annuities at five per cent. a sum not exceeding 2,000,000*l.*, to be employed in lessening the Debts." In the preamble to this Act, the 3rd, 5th, 6th, and 10th Money Acts of Anne, Parliament 4, Session 1, were recited, after which was recited that part of the 4th Money Act of William III. Parliament 3, Session 1, which related to the provision made for the debt called "The Banker's Debt," out of the hereditary excess, to which was added the following clause: viz.

"All the monies to arise from time to time, as well of the excess or surplus of an Act made this session for redeeming the funds of the Bank of England, and of the

* The above account has been principally extracted from a work called "Every Man his own Stockbroker."

excess or surplus by virtue of one other Act made likewise this session for redeeming the funds of the South Sea Company, as also of the excess or surplus of the duties and revenues by this Act appropriated as aforesaid, and of the overplus monies of the said yearly fund by this Act established, shall be appropriated to the discharging of the principal and interest of such national debts as were incurred before the 25th December, 1716, and are declared to be national debts, and provided for by Parliament in such manner as shall be directed by any future Act, *and to or for no other use whatever.*"

The Sinking Fund went on gradually increasing in amount for some years, and might, if properly managed, have answered the purpose for which it was created; but sixteen years after its formation a motion was made by Sir Robert Walpole in the House of Commons "to enable his Majesty to apply 500,000*l.* out of the Sinking Fund for the service of the year 1733, and for the further disposition of the said fund, by paying off 1,000,000*l.* of the South Sea Annuities."

This misapplication was probably foreseen by some members of the House; for, in order to prevent it, a motion was made on the 7th February, "That the House would raise the necessary supplies for 1733, without creating any new debts upon any fund whatever."

The supporters of this motion urged the prohibition of the law, the faith of Parliament, and the security of the kingdom. The proposer of the alienation was reminded of his inconsistency and treachery in endeavouring to beat down that very monument of glory which he had boasted of having erected for himself; and one member, *Sir John Barnard*, warned him that he was drawing upon himself the curses of posterity. But all arguments were vain. The ministry pleaded that the *landed interest wanted ease;* that there was no occasion to be in a hurry to pay the national debt; and

that the circumstances of the kingdom had altered so much since the establishment of the Sinking Fund, that the competition then among the public creditors was, not who should be *first*, but who should be *last paid*. Thus argued, among others, Sir Robert Walpole. *His* reasons prevailed; and the House of Commons gave way.

In the next Session an Act was passed enabling His Majesty to apply the sum of 1,200,000*l.* out of the Sinking Fund, for the year 1734; thus, nearly the whole of the fund was diverted from the sacred uses to which it had been originally appropriated, and applied to the current expenditure, at a time when we were at peace with all the world.

The same mischievous policy was in subsequent sessions pursued; and it appears that the temptation to nibble at this fund was too great to be resisted even by the most virtuous of ministers, who, one after the other, dipped into it, each thinking, no doubt, to verify the old adage, "that 'tis easy from a cut loaf to take a slice," until it was all swallowed up.

Thus expired, after an existence of a few years, the Sinking Fund—that sacred blessing, as it was thought, and the nation's only hope.

In consequence of a new arrangement of the public accounts in 1786, the distinction of Aggregate, South Sea, General, and Sinking Funds was abolished, all being included under one general head, called the Consolidated Fund.

In the same year a new scheme for liquidating the public debts was proposed by the well-known Dr. Price; and in order to establish this plan, the surplus of the revenue, which was stated to be 919,291*l.*, was, by new taxes, raised to 1,000,000*l.*, which annual sum, by the 26 Geo. III. cap. 31, was vested in certain Commissioners: viz., the Speaker of the House of Commons, the Chancellor of the Exchequer, the Master of the Rolls. the Accountant-General of the Court of Chan-

cery, and the Governor and Deputy-Governor of the Bank of England for the time being.

This million was to be issued in four equal quarterly payments, and applied either in paying off such redeemable annuities as should be at or above par, in such manner as should be directed by future Acts of Parliament, or in the purchase of annuities below par at the market price.

When the above-named Act was framed, Mr. Pitt boasted that the *then Sinking Fund* was fortified as much as possible against alienation.

On the 17th of February, 1792, it was proposed that in future, in addition to the surplus of 1,000,000*l.*, the Parliament should annually vote the sum of 400,000*l.* to the Sinking Fund.

The Finance Committee, appointed in 1817, reported in the following year that the *deficiency of revenue* amounted to 1,500,000*l.*, and resolved, "That the finances of the country could not be established on a solid basis until the annual income should exceed the expenditure by 5,000,000*l.*,"—a consummation devoutly to be wished, but never realized.

Dr. Hamilton of Aberdeen has the merit of having dissipated the delusion that the national debt could be paid off by appropriating a portion of the taxes to accumulate by compound interest: such a notion, although for a long period entertained, was at last, by the mere force of reasoning, abandoned.

Dr. Hamilton showed that the excess of revenue over expenditure is the only real sinking fund—the only means by which any portion of the public debt had ever been or ever could be paid off—and that all sinking funds operating at compound interest or otherwise, excepting in as far as they happen to be founded on this principle, were mere quackery and delusion. In fact, upon examining into the matter, it was found that

the public debt would have been decidedly less had the Sinking Fund never been heard of.

After such an exposition, the existence of the Sinking Fund was impossible; and, having undergone various modifications, it was finally abolished by the 10th Geo. IV. cap. 27. This statute enacts that the sum thenceforth annually applicable to the reduction of the public debt shall consist of the *actual surplus revenue beyond the expenditure.* Thus was this second sinking fund, the boasted monument of Mr. Pitt's genius, consigned to oblivion, like its predecessor.

The manner in which provision is made by government for the payment of the quarterly dividends is, for the Lords of the Treasury to direct warrants to be drawn out for the payment of particular funds, due at each quarter, which warrants are sent to the auditor of the Exchequer, who directs an order to be made out for the teller of the Exchequer to pay certain sums to satisfy the dividends then due. The warrant and order are sent to the Treasury, which returns them to the auditor of the Exchequer, who keeps the warrant in his own possession for his security, and upon the order directs the teller of the Exchequer to pay certain sums thereon to the amount of the dividends then due and particularly specified, which is done by giving to the clerk of the Bank as many Exchequer bills of 1000*l.* each as the said quarterly dividends amount to, and for which the chief cashier gives a receipt, and thus the Bank pay each claimant a dividend thereon.

The manner in which the Bank proceed in preparing the dividend warrants is, by making the amount of each party's stock agree with the total amount of that particular stock, and the amount of interest on each warrant to correspond with the total amount of interest due on that particular stock by government; but, as the Bank never pay the fractional parts of a penny, they

are compelled to calculate the interest on each warrant to the third figure of decimals beyond a penny, which prevents, as far as human prudence can, the possibility of an error. The total differences of the decimals yield to the Bank a net profit of more than 100*l.* per annum.

The various Acts of Parliament relating to loans conferred important privileges upon the Bank of England. They directed the Bank to open books for receiving and entering the contributions of the subscribers of sums in consideration of annuities to be granted, such subscribers, and those deriving title under them, being usually denominated "*the public creditor;*" and the Acts proceed to make the annuities payable at the Bank, and also to provide that the Bank shall CONTINUE A CORPORATION SO LONG AS ANY PART OF THE ANNUITY SO CREATED SHALL REMAIN UNREDEEMED.

The Acts are stated in an abbreviated form in the general collection of the statutes. The clause subjoined, for continuing the corporate character of the Bank, is extracted from the 20th of George III. cap. 16, and is common to all these Acts:—

"Provided always, and be it further enacted, by the authority aforesaid, that the said Governor and Company of the Bank of England, and their successors, notwithstanding the redemption of all or any of their own funds, in pursuance of the Acts for establishing the same, or any of them, shall continue a corporation for the purpose of this Act until all the annuities by this Act granted shall be redeemed by Parliament as aforesaid, and that the said Governor and Company of the Bank of England, or any member thereof, shall not incur any disability for or by reason of their doing any matter or thing in pursuance of this Act."

There are numerous Acts of Parliament, more or less connected with the Bank, relating to advances to government. The purchase of government securities,

the public balance in the hands of the Bank, restriction on and resumption of cash payments, restraining the negociation of promissory notes under a limited sum, the circulation of tokens, the protection of the property of the Bank, the punishment of persons guilty of forgery and counterfeiting tokens, and regulating modes of transacting business with the Bank in relation to accounts directed to be opened there for greater security, &c. The mere titles of these various Acts extend to nearly 200 pages.

The following regulations for the transaction of business by the Bank of England with parties keeping cash accounts with that corporation were issued on the 4th of June, 1832, and signed by Thomas Rippon, chief cashier:—

1. The Bank receive dividends by power of attorney for all persons having drawing accounts at the Bank.

2. Dividend warrants are received at the Drawing Office for the same.

3. Exchequer bills, and other securities, are received for the same, the bills exchanged, the interest received, and the amount carried to their respective accounts.

4. Cheques may be drawn for 5*l.* and upwards, instead of 10*l.* as heretofore.

5. Cash boxes taken in, contents unknown, for such parties as keep accounts at the Bank.

6. Bank notes are paid at the counter, instead of drawing tickets for them on the pay clerks, as heretofore.

7. Cheques on city bankers, paid in by three o'clock, may be drawn for between four and five, and those paid in before four will be received and passed to account the same evening.

8. Cheques paid in after four are sent out at nine o'clock the following morning, received, and passed to account, and may be drawn for as soon as received.

9. Dividend warrants taken in at the Drawing Office

until five in the afternoon, instead of till three, as heretofore.

10. Credits paid into account, and received without the Bank book, and are afterwards entered therein without the party claiming them.

11. Bills of exchange, payable at the Bank, are paid with or without advice; heretofore with advice only.

12. Notes of country bankers, payable in London, are sent out the same day for payment.

13. Cheques are given out in books, and not in sheets, as heretofore. THO. RIPPON, Chief Cashier.

Bank of England, 4th June, 1832.

The late Mr. Rippon, chief cashier of the Bank of England, furnishes an extraordinary instance of the manner in which the mind becomes warped by continued and close application to business. He always declared he felt himself nowhere so happy as in his business, and, though for upwards of fifty years in the Bank, he never solicited but one holiday, and that was on the recommendation of his medical adviser, on account of ill health. The permission for leave was instantly granted, and he left London with the intention of being absent a fortnight; but the *ennui* of an idle life and the want of his usual occupation so preyed upon his spirits, that he actually returned to the Bank at the expiration of three days, stating as a reason that green fields and country scenery had no charms for him.

Mr. Rippon was always remarkable for his sound judgment, preciseness, and extreme punctuality; and his long services and habits of economy enabled him to leave behind him a fortune of 60,000*l*.

CHAPTER VI.

ON LONDON BANKING.

Charles the First seizes the money of the Goldsmiths lodged in the Mint—Some account of the London Goldsmiths, successors to the Lombards—Various proposals for the formation of Banks made to Cromwell—Arbitrary seizure of the money of the Bankers by Charles the Second—List of Bankers ruined by the King—The Corporation of London attempt to form a Bank—Some account of the City Orphans' Fund—Formation of the Million Bank—Attempt to form a Land Bank—An account of the South Sea Scheme, and other fraudulent projects—A short memoir of Thomas Guy—Some account of the early London Bankers, and the nature of the business carried on by them—Reasons for the exclusion of Joint Stock Banks from the Clearing House—Causes which led to the establishment of the Clearing House, and a description of the business carried on there—First official list of London Bankers—Some account of the celebrated Peter Thellusson, and his extraordinary Will—Anecdotes of London Bankers—Account of Fauntleroy and Rowland Stephenson—General importance of the Banking interest, with an average of their deposits—The profits of London Bankers, and whence derived—Causes which operate against the increase of the profits of private Bankers.

ABOUT the early part of the seventeenth century the business of banking in England changed hands. The Lombards, who had succeeded the Jews, an account of whom has been found in our second chapter, were in their turn superseded by the goldsmiths. The change consisted in the lending of money by the latter on personal credit, and at a moderate rate of interest compared with that charged by their predecessors. They also issued promissory notes, payable on demand and at fixed periods, bearing interest:—such notes were called "goldsmiths' notes."

They do not appear to have attracted any marked public attention like the Jews and Lombards: the earliest notice of their existence as a class is to be discovered in the circumstance of their having been robbed by the monarch.

The Royal Mint, which was at that time in the Tower of London, was used as a place of security for the deposit of the surplus cash of the bankers and merchants. Charles the First, having been refused a loan by the city of London, seized the money lodged in the Mint, which at that time amounted to 200,000*l.*, and which money the bankers, many of whom were ruined, were compelled, by royal authority, to consider as a loan. It is needless to add, that, from that period, no further sums of money belonging to the public were lodged in the Mint.

During the Civil War nearly all the surplus money found its way into the hands of the goldsmiths, whose sole business prior to that time had been to buy and sell plate, and foreign coins of gold and silver, to supply the refiners, plate-makers, and goldsmiths. They now began to lend money in encouraging mercantile operations; and subsequently such business was conducted by houses who confined themselves exclusively to banking, and the system they adopted was in many respects similar to that now pursued by the private bankers of London.

When the affairs of the nation became settled under the Commonwealth, the number of bankers increased considerably. They received the rents of the landed gentry, which added largely to their disposable capital; and, as there was little demand for money for commercial purposes, they lent money to individuals without security. The plan of paying orders on bankers to the bearer on demand had now become a common practice.

The author of the "Mystery of the New Fashioned Goldsmiths, or Bankers," remarks, that "the receiving and paying of money from morning till night in an open shop is an innovation;" and he appears by no means to be friendly to its introduction.

Sir Josiah Child, in his "Discourse on Trade," was

equally opposed to it. He attacks the bankers in various parts of his book, inveighing against what he calls this "innovated practice of bankering," which, he states, "obstructs circulation, advances usury, and renders it so easy, that most men as soon as they can make a sum of fifty or one hundred pounds send it to the goldsmiths, which doth and will occasion, while it lasts, that fatal pressing necessity for money so visible throughout the whole kingdom, both to prince and people."

These opinions appear to us to be quite inexplicable; yet we insert them, as showing the sentiments of one of the earliest public writers on the subject of the circulation of capital through the medium of banks, and how little the system at that time was understood.

In Stow's "Survey of London," printed in 1598, and enlarged in 1633, there is an account of the London goldsmiths, by which it appears they were then the most wealthy and principal men of the city. Their place of business, previous to the fire of London, was by authority confined to Cheapside. Stow describes their houses as follows:—

"The most beautifulle frame of faire houses and shops that be within the wals of London or elsewhere in England, commonly called 'Goldsmiths' Row,' betwixt Bread Streete end and the Crosse in Cheape; but is within the Bread Streete ward. The same was builded by Thomas Wood, goldsmith, one of the sheriffs of London in 1491. I counted ten dwelling houses and fourteen shops, all in one frame, uniformely builded four stories high; beautified towards the streete with the goldsmiths' arms, and the likenesse of wood men, in memory of his name, riding on monstrous beasts, all which is cut in lead, richly painted over and gilt. These he gave to the goldsmiths, with stockes of money to be lent to young men having these shops," &c.

At the fire of London these houses were all destroyed, and the goldsmiths settled in Lombard-street.

The wants of the community, in connexion with banking operations, had, about the time of the Commonwealth, become so great, that the press of the country teemed with proposals for new banks, loan societies, and assurance companies.

We propose to describe, in a condensed form, some of the most prominent banking and other projects which for half a century occupied public attention, and made the task of founding the Bank of England comparatively easy to the projectors.

Many "charity banks," and Lombards, or Lombard-houses, now commonly called pawnbrokers, were projected. "The making transferable all promissory notes between man and man" was recommended by William Potter in his "Key of Wealth."

Henry Robinson advocated the creation of a Land Bank, in which all payments above twenty pounds should be made in bank credit; and that, besides the principal bank in London, there should be one hundred subordinate banks in different parts of England, all centering in the said capital bank of London, wherein, for the support of the credit thereof, a general mortgage of lands was proposed, for which the mortgagee should have credit in bank to the value of his land. The condition of such mortgage should be, either to pay so much money, with interest at six per cent. within a year, from the day that bank credit should any way fail to be current, or, in default of such payment, the said mortgaged lands to be forfeited without redemption, and to be divided amongst the proprietors of the credit in bank. Others proposed banks on the plan of that of Amsterdam; others a general register of houses and ships as well as of land; a court of merchants for the summary recovery of all debts; also some very ill-judged projects for uniting into corporations all mer-

chants trading into any one country, for the sake of what they called "uniformity of trade."

Samuel Lamb, one of the most eminent London merchants at the time of Charles the First, warmly espoused the subject of public banks, and, during the Commonwealth, presented a "humble address to his Highness the Lord Protector," wherein he described the great advantages the Hollanders derived from banks, and the disadvantages England laboured under in their absence.

The following reasons, which were embodied in the petition, appear to us to be so prophetic as to deserve to be recorded:—

"The good we may do ourselves by banks, if settled in England, are many; for no nation ever made use of them but they flourished and thrived accordingly.

"Imprimis: they will, by well ordering them, bring back the gold and silver which hath been drained out of this land by the Hollanders' banks, and by other princes raising the value thereof in their dominions.

"They will much increase the stock of this land, which will wonderfully increase all manner of trade, and will bring in that excellent transferring trade, and make England the staple of all foreign commodities, as Holland is at this time, and has been since they had the use of banks, who have nothing considerable of their own growth and manufactures, yet have the staple of all commerce, as a rich treasure in money and jewels, all materials for shipping, and even all manner of cloathing, and the granary and vineyard of Europe, with which commodities they furnish most countries, and which England may also do.

"They will increase and much encourage the fishery of this nation, and breed up in that employment many thousands of seamen, which will find employment in the East Indies' Streights, and other voyages into other parts of the world.

"They will increase the warlike trading shipping and

mariners of this nation, which will much strengthen us against our enemies.

"They will also much increase the revenues and customs of the land by increasing credit.

"They will wonderfully employ the poor of this land, and increase the natural manufacture thereof, and make us capable to buy or sell at home or abroad.

"They will make the English capable to engross the commodity of any country, and withhold it from another that may be at enmity with us to whom the said commodity may be useful to our prejudice, and also make our own price of it.

"They will increase trade in our plantations, and cause ships to be built in New England as good or better than any built in Holland.

"They will furnish factors in England with credit to pay customs and charges of a great cargo of goods, which may on a sudden be conveyed to them; for many times such English factors may be of good estate and credit, yet have not always a great cash lying by them for such uses, though the Dutch are seldom without it; therefore may oftentimes be forced to strain their credit to take up money at interest, or sell all or part of such goods at under-rate for want thereof, which may be a great prejudice to themselves and loss to their principals, and is believed causes many such great commissions to be carried from the English and consigned to the Dutch residing in England, to their great benefit and advantage, and loss and prejudice to the English nation.

"They will increase trade in Ireland, which will people that island, and increase the revenue thereof.

"They will furnish many young men with stock that have by their industry and well-spent time, and travels in their apprenticeships, gained good experience in foreign traffic.

"They will preserve many good men from failing and losing their credit, and many others, which trial and experience will daily discover; as quick and easie paying bills of exchange, foreign or domestick, and all other payments; preventing fraudulent payments in counterfeit or clipt coyn or mis-telling money; rectifying errors in accounts which occasion law suits; preventing theft and breaking open houses where money is suspected to be; and robbing in the high ways graziers, carriers, or others that used to carry money from fairs and other places, which may be returned by assignment in bank. Whereas now the several hundreds in many places are forced to guard such as carry money for fear of their being robbed, and such hundreds paying them the money they lost, as it hath often fallen out of late time.

"Lastly, a bank with a certain number of sufficient men of estate and credit, joined together in a joynt stock, being as it were the general cashkeepers or treasurers of the place where they are settled, and divers others, tending much to the tranquility of your highness and the welfare of the English nation, which, with your highness's favourable encouragement, I shall in all humility be ready to make known to you, and remove any objections as can be alledged in the premises, and propound a way how it may be effected, and the evils remedied and prevented, being unwilling to bury the talent in a napkin which it hath pleased the Giver of all blessings in his great goodness and mercie to bestow upon me, hoping that I shall not offend by tendering this with my best services to your highness."

It appears by the Rolls of Parliament that, two years after the presentation of the above address to Cromwell, Samuel Lamb petitioned the House of Commons on the subject of his proposal for a bank; and that on Friday, 4th March, 1658, the petition was referred to a

Committee; but it does not subsequently appear that any report was made thereon, or any steps taken to forward his views.

In the year 1651, there appeared the following "Humble proposal to the Honourable Council of Trade, and all Merchants and others who desire to improve their Estates," which, if enacted by Parliament, "would, as with due submission is conceived, conduce to advance trade, imploy the poor, diminish interest, improve publique revenue, prevent the cruelty of creditors and the injustice of debtors, tending likewise speedily to promote the enterprise discovered in a late treatise entitled 'The Key of Wealth.'"

This proposal had reference to a bank of credit, in which bills of exchange were to be the principal circulating medium.

In the year 1665, a very elaborate account of the "Office of Credit" appeared. The author endeavours to remove what he calls two vulgar errors, viz. "That credit in bank is only current because men can have money when they will;" and further, "that without money no trade can be managed." At the end of the work there is a summary of the whole; the author's main object, as he himself states, is satisfactorily to answer the objections, "that men will have money and not credit."

In the year 1667, what in commercial phraseology is called a run on the bankers, and probably the first of its kind, occurred. It is thus alluded to by Pepys in his "Diary," vol. ii. p. 67: "W. Hewer hath been at the bankers, and hath got 500*l.* out of Backewell's hands of his own money; but they are so called upon they will be all broke, hundreds coming to them for money. And they answer him, 'It is payable at twenty days; when the days are out we will pay you;' and those that are not so, they make tell over their money and

make their bags false, on purpose to give cause to retail it, and so spend time."

This event in a great measure lessened their credit, which was afterwards entirely destroyed by the seizure of their money by King Charles the Second.

In the early part of the year 1672, King Charles suspended all payments to the bankers out of the Exchequer, which was considered one of the worst acts of this profligate king's reign; and, as the result was far more disastrous than the act of his father, which we have recorded, the following circumstantial detail of the transaction, which we have condensed from the Rolls of Parliament and other public records, may prove interesting.

The King being much distressed for money, and despairing of obtaining any from the House of Commons, declared in a private meeting with his ministers that, if any one of them could invent a method how to raise about 1,500,000*l.* without a Parliament, he should have the "White Staff," or, in other words, the Lord Treasurer's place. On the day following, Lord Ashley told Sir Thomas Clifford, *in confidence*, "that there was a way to supply the King immediately with such a sum; but it was hazardous to put it in practice, and might draw a train of ill consequences along with it, by inflaming both the Parliament and the people."

Sir Thomas was impatient to know the secret, "being bold and courageous, entirely in the French and popish interest, and pleased with anything that might render the King unpopular with the Parliament." Therefore, to discover the project, he plied his lordship with wine to excess, and then led the conversation to the subject of the King's wants. Lord Ashley unguardedly dropped the important secret.

Sir Thomas immediately took the hint, left his lordship, and went directly to the King, and falling on his

knees he demanded the white staff, according to promise. His Majesty cried out, "Odds fish! I'll be as good as my word, if you can find the money." Sir Thomas then informed the King that the bankers had 1,500,000*l.* in his Majesty's Exchequer, which money he had an opportunity of seizing, by closing the Exchequer and refusing to pay the bankers.

The King readily agreed to the project; and at a Privy Council, held on the 2nd of January, 1672, his Majesty being present, Sir Thomas Clifford proposed, "That as the King must have money to carry on the war against Holland, in which his honour was engaged, he knew of no other means at present than shutting up the Exchequer. He desired none would speak against it without proposing some method more certain and expeditious." The King, after many apologies for this bold step, declared that "it should only be for the space of one whole year, ending the last day of December next; that then no new orders shall intervene to break the course of such payments."

This conduct of the King filled every one with consternation and dismay. Many hesitated not to say that the Crown had published its own bankruptcy.

The money thus forcibly seized did, in point of fact, belong to the trading community; and the failure of the bankers, which was the natural result, caused, for a time, a general suspension of all monetary transactions.

Sir Thomas Clifford, for his services in the affair, was, according to the promise of the King, made Lord High Treasurer and a peer.

To understand fully this act of injustice and robbery, it is necessary to state that the bankers, after the seizure of their money at the Mint, were in the habit of depositing in the Exchequer the surplus of their floating capital not required in their ordinary transactions, and the custom was to withdraw the money once a week, to

enable the bankers to meet the demands of their customers; the suspension, therefore, of the usual weekly payments involved both bankers and customers in one common ruin.

Within seven days after this gross act of robbery had been committed, Lord Arlington, one of the council, in a letter to the Earl of Sunderland, then in Spain, gave the following account of the result of the transaction.

"The distempers have continued in the town, and the angry discourses about them; but his Majesty having yesterday convened the bankers before him at the Treasury, after many kind and confident assurances given them that he would punctually satisfy his debt to them, either out of what the Parliament should give him the next session or out of his own revenues, he told them he likewise required of them that, without delay, they should take off the stop they had made of paying the merchants their current cash, which lay deposited in their hands, not to be lent to his occasions, or for interest, but for the security of keeping it, because indeed the stop of this was the occasion of the great clamour; the merchants not daring, or being able, to accept, or pay any bills of exchange, drive their trade abroad, or clear their ships at the Custom-house at home. After many things the King said to them, and very handsomely, upon this subject, they all went away better satisfied, promising his Majesty that they would this day begin their payments to the merchants, which I hear they have accordingly done, and upon it the discontent is already visibly appeased, so that we do not doubt but in a few days it will quite wear out."

Numerous addresses and petitions were presented to the King on the subject, nearly all of them filled with the most fulsome flattery. We extract from one of them, which was by an officer in the army, the following passages:

"There are many persons concerned now with the bankers whose fathers, husbands and children, and other relations, have assisted the Crown of England with their dearest lives and fortunes; nay, there are several now surviving which do yet bear in their bodies the scars and glorious marks of their loyalty; and shall we imagine that our Cæsar, a prince of such eminent clemency and justice, will suffer these persons and their families to starve for want of that which is their own?

"I am confident his Majesty's royal bowels yearn with compassion towards us. Neither is the delay of payment hitherto, any defect in his Majesty's innate justice, but an excrescence, and an unhappy superfetation of the first pernicious counsel of shutting up the Exchequer. To think otherwise were to blaspheme the greatest sweetness of nature in the world, and to profane that illustrious prince of whom no man ever yet formed a thought but his mind was presently filled with the idea of all that is great and just; for the King's honour and justice, like a rock of diamonds, remains still impenetrable."

None of these appeals made any impression on the King or his worthless ministers, who could scarcely be prevailed on to listen to the complaints of so many ruined families.

The King, in a private declaration, stated "that, although, contrary to his inclination, he had been obliged to cause a stop to be made as to the principal money, he would punctually pay it hereafter; in the mean time he would allow six per cent. interest for the money." Subsequently, at a council held at Whitehall, at which the King was present, he caused the following public declaration to be printed and circulated among the bankers and their creditors:

"Whereas his Majesty in council was graciously pleased in the month of February last past to declare,

that he would assign and set apart so much of that branch of his revenue as by Act of Parliament is made hereditary and perpetual, to the payment and satisfaction of the Goldsmiths' debt; and whereas, in pursuance thereof, his Majesty hath secured to the Goldsmiths their debts on the said revenues by letters patent granted to them respectively, under the great seal of England; and his Majesty, having in the said letters patent provided for the security of such of his subjects as have trusted the said Goldsmiths, doth think fit to order, and it is hereby ordered, that the said letters patent shall be forthwith printed and made public for the information and satisfaction of all those who are concerned."

The following are the names of the principal bankers whose money was seized, and to whom letters were granted, covenanting to pay interest after the rate of six per cent., payable quarterly:

		Principal.			Interest		
		£	s.	d.	£	s.	d.
Sir Robert Vyner, of	London, Goldsmith -	416,724	13	1½	25,003	9	4
Edward Backwell,	do. Esquire -	295,994	16	6	17,759	13	8
Gilbert Whitehall,	do. Goldsmith -	248,866	3	5	14,931	19	4
Joseph Horneby,	do. do. -	22,548	5	6	1,352	17	10
George Snell,	do. do. -	10,894	14	5	653	13	6
Bernard Turner,	do. do. -	16,275	9	8	976	10	6
Jeremiah Snow,	do. do. -	59,780	18	8	3,586	17	0
John Lyndsey, do. do. as due to Dorothy his wife, administratrix to John Colville, her late husband, deceased - - -		85,832	17	2	5,149	17	4
Robert Welstede,	do. do. -	11,307	12	1	678	9	0
Thomas Rowe,	do. do. -	17,615	17	8	1,056	19	0
John Portman,	do. do. -	76,760	18	2	4,605	13	0
John Collier,	do. do. -	1,784	6	4	107	1	1

Upon this subject Sir William Temple, in his Miscellanies, makes the following remarks. "The credit of our Exchequer is irrevocably gone by the last breach with the bankers. For credit is gained by custom, and seldom recovers a stain. I have heard a great example given of this that happened upon the late King Charles

the First seizing 200,000*l.* in the Mint, which had then the credit of a bank, and for several years had been the treasury of all the vast payments transmitted from Spain and Flanders; but after this invasion of it, although the King paid back the money in a few months, the Mint has never since recovered its credit among foreign merchants."

The sum of which the bankers were defrauded amounted to 1,328,526*l.*, and the King by letters patent charged his hereditary revenue with the interest on that sum at six per cent., amounting to 79,711*l.* 11*s.* 2*d.* per annum, which was paid for a few years and then suspended. After vainly endeavouring to interest the legislature on their behalf, these unfortunate creditors were at last obliged to maintain their right before the Court of Exchequer.

The suit was protracted for above twelve years, when, in the year 1697, judgment was obtained against the Crown. An appeal was made against this decision by the Attorney-General of the day to the celebrated Lord Chancellor Somers, by which it appears that "there was due to Sir Robert Vyner 416,724*l.* 13*s.* 1½*d.* In consideration whereof the King granted him 25,003*l.* 9*s.* 4*d.* per annum out of the rents, revenues, and profits which should arise or become due or payable to the King, his heirs and successors, out of, from, or by reason of the duty of Excise payable quarterly; in trust for such of his creditors as, within a year after the date of the letters patent, should deliver up their securities, and accept assignments of proportionable parts of the said yearly sum in satisfaction of their debts respectively due, and in the mean time should not sue Sir R. Vyner."

The decision of the Court of Exchequer was set aside by Lord Chancellor Somers, although ten out of the twelve judges whom he had called to his assistance were of a different opinion. In giving judgment his

lordship cited several cases wherein the kings of England had been indebted to the subject, and the mode adopted by the creditors was by petition to the King. "But in this case," adds his lordship, "the sureties pass by the King and come directly to the Barons of the Exchequer, who proceed to act without being authorised by the Great Seal, as in former cases, and command their superior officers, who according to the precedents ought to have been authorised together with them to have done their respective parts for the relief of the petitioners. But to suppose a power lodged in the Barons of the Exchequer to issue writs requiring the Lord Treasurer, or the Treasurer of the Exchequer, to do their duty, is to suppose a direct absurdity in the original institution of the Exchequer, since it is to invest the Barons who are subordinate with a right of commanding their superior officers."

The cause was at last carried by appeal to the House of Lords, by whom the decree of the Chancellor was reversed; and the patentees would have received the amount of their accumulated interest, had not an Act passed in 1699, by which in lieu thereof it was enacted that, after the 25th of December, 1705, the hereditary revenues of the Excise should stand charged with the annual payment of three per cent. of the principal sum contained in the letters patent, subject, however, to be redeemed upon the payment of a moiety thereof, or 664,263*l.*

The reader will naturally be anxious to know the amount of the loss which the bankers ultimately sustained in consequence of these proceedings. The account is as follows:—

	£	*s.*	*d.*
To the original sum stopped in the Exchequer in 1672 . . .	1,328,526	0	0
To 25 years' interest at six per cent.	1,992,787	10	0
	£3,321,313	10	0

As by the above Act the demand of the bankers was reduced to the sum of 664,263*l.* it follows that their loss amounted to 2,697,050*l.* 10*s.*

The above sum of 664,263*l.* is the first item in our present national debt, and indeed is the only portion of it that was contracted prior to the Revolution.

In the year 1678, there appeared proposals to the King and Parliament for a large model of a bank, "showing how a fund may be made without much charge, or any hazard, that may give out bills of credit to a vast extent, that all Europe will accept of rather than money;" together with some general proposals in order to obtain an Act of Parliament for the establishment of the Bank.

In the year 1680 a proposal was made by Robert Murray, for a National Bank, to be based on land or other valuable securities. This author prefaces his scheme by stating that, "though it may be objected that banks are not safe under a monarchy" (he refers to the seizure of the money of the bankers by Charles the First), yet such objections hold only in countries under the dominion of an absolute and despotic prince, and not where the laws are clearly defined, and every man is preserved in his person and property.

In the year 1682 proposals were issued for the establishing of national banks; "whereby the profits in usury will supply his Majesty more plentifully than ever to carry on the war, exempt the nation from land tax, great customs, exceedingly promote trade and navigation, and give England many other advantages."

In the same year as the above was published an account of the "corporation credit, or a bank of credit, made current by common consent in London, more useful and safe than money."

This bank, as appears by a proclamation, was framed on the recommendation of a committee of aldermen,

who ordered the following advertisement to be circulated:—

"All persons that are desirous to subscribe may come either to Garraways, Jonathans, Kemps, or the Amsterdam Coffee Houses near Temple Bar, Peter's Coffee House in Covent Garden, and Mens Coffee House at Charing Cross; at all which places books shall lye ready, and persons attend from ten to twelve in the morning, and from five to seven in the evening, every week-day for that purpose, and to answer objections, if there be any made, by such as do not understand, or are not so well satisfied about the usefulness and advantages of the bank of credit unto all, as the same is set forth in a printed paper, called 'England's Interest, or the Great Benefit to Trade by Banks or Offices of Credit in London.'"

The paper referred to in this advertisement, which is of great length, commences thus:—

"Whereas divers aldermen and commons being thereto appointed, as a committee, by the lord mayor, aldermen, and commons in common council assembled, have thoroughly weighed and considered the great benefits to trade by banks of credit, and there being by the subscription of many considerable and wealthy inhabitants provided a fund more substantial than any banks abroad, for the establishing an office of credit under the care and management of trustees to be chosen out of the said subscribers,—'tis thought convenient to publish a short account of the nature, use, and advantages of the said office of credit," &c. &c.

The origin of this vigorous movement towards the establishment of a bank on the part of the corporation of the city of London, which, however, did not succeed, arose out of the virtual bankruptcy of the chamber.

It appears that from a very early period a court of

record was held in the city of London for the care and government of orphans, and that the lord mayor and aldermen were invested with the custody and guardianship of all orphan children of freemen while under age and unmarried, and with the management of the personal estates of deceased freemen, and in some cases of their landed estates, with power to require the executors and administrators of freemen dying to exhibit true inventories of their estates before them in the "court of orphans," and to give security to the Chamberlain of London and his successors by recognisances of the parties living within the city, and by bond if without, for the orphans' part, and in case of refusal to commit them to prison till they obeyed.

Whence it appears that the investment of the property of orphans in the chamber of London was a matter of obligation, not choice. It further appears that the freemen of the city of London invested large sums of money in the chamber of London, and were allowed interest thereon. From these sources very large sums had accumulated in the chamber of London.

This part of the business of the corporation bore the name of the "orphans' fund," and even this was not sacred from the rapacity of the Stuarts. By the treachery or cowardice of its guardians, the Orphans' Fund supplied the wants of the First Charles and his licentious son, Charles the Second; and the utter extinction of the fund was the immediate, and the proposition for the establishment of a corporation bank a secondary, consequence.

The corporation were compelled to declare themselves incapable of discharging either interest or principal of the debt to the orphans out of their rents, after defraying the necessary expenses of governing the city. This they set forth in several petitions, which appear to have occupied the attention of both Houses of Parlia-

ment. By the 5 and 6 William III. an Act was passed for the relief of the orphans and other creditors of the city of London. This Act first charges the estates of the city with an annual payment of 8000*l.* per annum, and assigns to the funds the rents and profits of the city aqueducts, or right of bringing water to London; imposes a duty of 2000*l.* per annum, to be levied upon the personal property of the inhabitants of the city; assigns the rents and profits arising from a licence for the exclusive privilege of lighting the city with convex lights; imposes a duty of two-and-sixpence upon the binding of every apprentice, and five shillings on the admission of every freeman into the city; a duty of four shillings per tun on all wines imported into the port of London; and a duty of fourpence per chaldron on the metage of every chaldron of coal and culm so imported, for fifty years from the year 1700.

This and other subsequent Acts enabled the city of London to redeem its honour and credit so as effectually to discharge all claims on the orphans' fund. But no attempt has ever since been made by the corporation to resume the power over the property of orphans.*

About the latter end of the year 1693, there appeared a scheme for a bank, commonly called "The Million Bank." It took its rise from a number of London bankers, who lent out money on pledges, agreeing to purchase tickets in King William's Million Lottery, and from thence they were called "The Company of the Million Bank."

This bank was finally established, and its affairs were

* In a newspaper, called the "Daily Post," of the 26th Feb. 1723, the following advertisement appears.

"Orphans' fund, or debts due to the orphans in the chamber of London, are continued to be bought and sold as usual by Isaac Fryer, sworn broker, who gives his attendance at the said chambers for that purpose daily."

conducted by a Board of Directors, consisting of twenty-four members, including a Governor and Deputy-Governor: they subsequently purchased many reversions of the Fourteen per Cent. annuities, and permitted many proprietors of annuities to purchase their joint stock, which amounted to 500,000*l.*

They were a partnership by deed, enrolled in Chancery, with a joint stock fund. They at first divided five per cent. interest, which they subsequently reduced to four per cent., and again raised it to five per cent., at which it continued till the dissolution of the bank.

The year 1694 is memorable for the establishment of the Bank of England, whose origin, rise, and progress form the subject of previous chapters.

In the year 1694-5, Dr. Chamberlain published proposals for the formation of a bank, to lend money at a low rate of interest, on the security of land. The following is an extract from one of the doctor's proposals :—

"What we call commodities, is nothing but land severed from the soil. Man deals in nothing but earth. The merchants are the factors of the world, to exchange one part of the earth's produce for another. The king is fed by the labours of the ox; and the clothing of the army and victualling of the navy must all be paid for to the owner of the soil, as the ultimate receiver. All things in the world are originally the produce of the ground, and thence must all things be raised."

The principal difference between this scheme of a bank and that of the Bank of England, in opposition to which corporation, then in its infancy and struggling with difficulties, this project was started, was, that no money was ever to be lent on personal security, but exclusively on title deeds of unencumbered freehold land.

This Land Bank was patronised by the Earl of Sutherland, through whose interest a Bill was introduced into

the House of Commons, who resolved—"That a fund, redeemable by Parliament, should be settled in a National Land Bank; that the sum of 2,564,000*l.* be raised by new subscriptions; that no person be concerned in both banks; that the new bank should be restrained from lending money but upon landed securities, or to the government in the Exchequer," &c.

It appears by the Journal of the House of Commons that, on the 24th of November, 1696, the Chancellor of the Exchequer, according to order, presented to the House a report of the failure of the attempt to obtain subscriptions to the National Land Bank; that books had been opened at Exeter Change on the 5th June, 1696; but, although the Lords of the Treasury had subscribed in the King's name 5000*l.*, the amount of subscriptions required could not be obtained within the time prescribed.

The Commissioners stated that the cause of their ill success was owing to the large interest allowed on securities, both public and private, by the new bank, whilst they were limited to five per cent.

The memorable project for the formation of the South Sea Company was brought out in the year 1711, and owed its origin to the following circumstances.

During the war with France in the reign of King William III., the payments to the sailors of the royal navy being neglected, they received tickets instead of money, and they were frequently obliged, by their necessities, to sell their tickets at forty, and sometimes fifty per cent., below the amount for which they received them. By this and other means, the debts of the nation, unprovided for by Parliament, amounted together to 9,471,325*l.* Mr. Harley, at that time Chancellor of the Exchequer, and afterwards Earl of Oxford, proposed a scheme to allow the holders of these tickets or debentures, and the other portion of the floating debt, six per cent. per annum interest, and to incorpo-

rate them for the purpose of carrying on a trade to the South Seas; and they were accordingly incorporated under the title of the Governor and Company of Merchants of Great Britain, trading to the South Seas and other parts of America, and for encouraging the Fisheries.

The company soon abandoned all idea of mercantile operations—if they ever seriously intended to undertake them—and confined themselves to money dealings with the government, and increasing the value of their stock, which at one time rose to the enormous amount of 1000 per cent.

The apparent success of this scheme caused numerous romantic projects, proposals, and undertakings, both private and national, to be submitted to the public, many of which were notoriously absurd. Persons of rank of both sexes were deeply engaged in these bubbles; avarice prevailing at this time over all consideration, either of dignity or equity; the gentlemen going to taverns and coffee-houses to meet their brokers, and the ladies to their milliners' and haberdashers' shops for the like purpose. Any impudent impostor, whilst the delirium was at its height, needed only to hire a room at some coffee-house, or other house, near the Exchange, for a few hours, and open a subscription-book for something relative to commerce, manufactures, plantations, or of some supposed invention newly hatched out of his own brain. These delusive projects, a list of which will be found in the Appendix, received their first check from the power to which they owed their birth, viz. the South Sea Company, the directors of which, desirous to monopolize all the money of the speculators to themselves, obtained writs of *scire facias* against the conductors of the bubbles, and thus put an end to them.

The bursting of these bubbles left traces of misery

and distress to an extent hitherto unknown in the monetary world. Yet there was one individual who looked calmly on during the progress of their formation; and, although not profiting at the expense of the credulity of the people engaged in them, had reaped an immense fortune by foreseeing at their commencement the events that actually occurred. That individual was Thomas Guy, the founder of the hospital known by his name.

Mr. Guy was a bookseller, carrying on his business at No. 1, Cornhill—the house forming the angle of Lombard-street and Cornhill—and for many years known as the "lucky corner."

We have before stated that, such was the poverty of the Exchequer at the latter part of the reign of King William the Third, money could not be obtained for paying the seamen's wages, and that they were accordingly paid by tickets or debentures, which, from their necessities, they were compelled to part with considerably below their nominal value. The purchasers of these tickets were in their turn obliged to sell them; and at one time such was their depreciation that they fell to fifty per cent. discount.

Mr. Guy, having been a thrifty, saving man, had realized what in those days was considered a large sum of money; and, having the utmost possible confidence in the honour and integrity of the government, that the debentures would one day—and that at no distant period—be paid in full, was one of the first to set an example of investing his capital in government securities, by purchasing a considerable quantity of this "floating debt," as it was then called.

After the formation of the South Sea Company, and the funding of this floating debt, Mr. Guy became a large proprietor of stock.*

* To give some idea of the extent of his investments, it appears by his will that he gave to sixty-three of his relatives, specially named,

The following singular and interesting anecdote is related of Mr. Guy. After he had, as he thought, discovered in the conduct of his maid-servant, in addition to a frugal disposition, one who would at all times conform to his rules and regulations, he on a particular occasion intimated to her that it was his intention to make her his wife; and, having taken the necessary steps towards the completion of the interesting ceremony of the wedding, and, as a preparation given particular instructions to a stone-mason to repair the pavement opposite his house (for in those days the laying down and expense of paving the streets was met by each householder separately), it chanced that Sally, the intended bride, observed a dilapidated stone, not exactly within the line of her master's house, but very near it: she therefore, in defiance of Guy's positive orders to the contrary, directed the man to remove it, and to replace it by a new one, which was accordingly done.

On Guy's return—for he had been absent during the day—his eye caught sight of the new stone, and in an angry tone he desired to know why his orders had not been obeyed, and why that stone, pointing to the new one, had been placed there. The man said it was by the mistress's orders. Guy immediately called poor Sally, and told her that she had overstepped her duty, adding, "If you take upon yourself to order matters contrary to my instructions before we are married, what will you not do after? I therefore renounce my matrimonial intentions towards you."

It was owing entirely to this simple domestic circumstance that Thomas Guy was induced to change the

1000*l.* each of "his interest or share in the capital stock created in lieu of debentures made forth for the debt due to the army by an Act of Parliament passed in the fourth year of his Majesty King George, and attended with annuities after the rate of four per cent. per annum."—*Vide* Thomas Guy's Will, p. 8—20.

whole tenor of his future life, by devoting the remainder of his days to a labour of love of another kind; for, "warm with philanthropy and exalted by charity, his mind expanded to those noble affections which grow but too rarely from the most elevated pursuits."* He set about building and endowing the hospital known as Guy's Hospital, which he lived just long enough to see roofed in.

The cost of erecting this vast pile was 18,793*l.*, and of endowing it 219,499*l.*, together 238,292*l.*; which munificent gift, during his lifetime, was a much larger sum than had ever before been dedicated by a single individual to charitable purposes. It even rivalled the endowments of kings.

Early in life he built an almshouse at Tamworth, his native town, for fourteen poor people, and maintained them until his death, and then endowed it for ever.

When he met any diseased or friendless objects in the streets he would send them to St. Thomas's Hospital, with directions to the steward to supply them at his expense with clothing or such other necessaries as were not provided by the hospital.

Sixteen years before his death he built and furnished three wards in St. Thomas's Hospital, for the reception of sixty-four patients. Besides expending 3,000*l.* on this hospital, he gave it 100*l.* a year for eleven years successively, till he began to build his own.

Thomas Guy died on the 27th of December, 1724, in the 80th year of his age, and among other legacies left to the Governors of Christ's Hospital a perpetual annuity of 400*l.* a year for taking in four children annually, those bearing any relationship to him to be preferred, to be nominated by the Governors of Guy's Hospital. He also left 1,000*l.* to be appropriated in relieving from prison those prisoners whose debts did not exceed 5*l.* each, and who were confined in prisons

* Part of the inscription on Guy's monument at the hospital.

within the bills of mortality, by which bequest 600 people obtained their liberty.

Although the above account does not, strictly speaking, fall within the range of subjects marked out for this work, we could not refrain from dwelling on a character so truly estimable and charitable as that of Thomas Guy, whose beneficence is still dispensed with the same generous sympathy for the afflicted as it was upwards of 120 years ago.

The system of banking as at present practised by the private bankers of London, though in most of its details similar to that in operation at the time of which we are now treating, yet differs in several most important particulars. Private bankers in London formerly issued notes payable to bearer on demand: they continued to do so until the corporation of the Bank of England had become so firmly established in reputation as to induce the public to prefer its notes to those of the private bankers, who gradually discontinued this part of their business, which totally ceased in 1750; since which, the Bank of England has been the sole bank of issue in the metropolis. The London bankers also allowed interest on cash deposited in their hands for any period, however short, as indeed the Bank of England did, for several years after its establishment.

The material aspect of the business of banking in its early history is, to modern ideas, as humble as it must have been picturesque. Instead of the handsome apartments, the highly-polished and well-fitted counters, and well-dressed clerks, of the modern banking-houses, there were the dark-featured Lombards, ranged behind their bags of money displayed on low benches in open shops, protected, perhaps, by occasional awnings, from the inclemency of the weather.

We have seen an ancient lease of a house in Lombard-street, in which permission is given to the occupier to

inclose it with windows; and, to this day, that part of a banking-house in which money is received and paid, is called "The Shop."

The London banker of the old school, the successor to the Lombards, had little resemblance to the modern gentleman who is known by the same title. He was a man of serious manners, plain apparel, the steadiest conduct, and a rigid observer of formalities. As you looked in his face you could read in intelligible characters that the ruling maxim of life, the one to which he turned all his thoughts, and by which he shaped all his actions, was "that he who would be trusted with the money of other men should look as if he deserved the trust, and be an ostensible pattern to society of probity, exactness, frugality, and decorum." He lived, if not the whole of the year, at least the greater part of it, at his banking-house; was punctual to the hours of business, and always to be found at his desk. The fashionable society at the west end of the town, and the amusements of high life, he never dreamed of enjoying, and would have deemed it nothing short of insanity to imagine that such an act was within the compass of human daring, as that of a banker lounging for an evening in Fops' Alley at the Opera, or turning out for the Derby with four greys to his chariot, and a goodly hamper swung behind, well stuffed with perigord pies, spring chickens, and iced Champagne.*

The business now carried on by the London bankers consists in receiving and paying money, making advances on bills of exchange, and other approved securities; but they are prohibited from lending money, as they formerly did, on the security of goods or pledges, that portion of their original business being now exclusively confined to pawnbrokers, whose distinguishing characteristic is the armorial bearings which were

* Banks and Bankers, p. 22.

anciently adopted by the Lombards: viz. "three golden balls."*

Among the earliest goldsmiths whose business was subsequently merged into that of banking as at present conducted, was Mr. Francis Child, citizen and goldsmith, who established himself in Fleet Street, at the east corner of Temple Bar, and on the same spot where the business is still carried on. He lived to a great age, and was a person of large fortune and a most respectable character. The next in point of antiquity was the present house of Strahan, Paul, and Co. This bank was originally founded by Mr. Jeremiah Snow, who carried on business as a goldsmith, or what in modern phraseology is better known by the name of pawnbroker. His name appears among the goldsmiths or bankers who were robbed by Charles the Second. By the kindness of the gentlemen at present carrying on the business of the Bank, we have been favoured with the privilege of inspecting the books of the Bank so early as the year 1672. They show that the nobility of the land were in the habit of frequenting their shop, and borrowing money on the deposit of various gold and silver articles, such as gold and silver tankards, golden thimbles, and other valuables of a very miscellaneous, and sometimes comical, description.

Not many years after the London bankers had ceased to issue notes, the inconvenience of making all payments in Bank of England notes and gold had become so great that some change was indispensably necessary, when the plan of adjusting each others' daily payments by an interchange of liabilities was adopted as the best mode of economising the use of money.

At first the system adopted was of the most primitive kind, and certainly not the safest. The clerks of the various banking-houses used to perform the operation

* We are compelled to repeat this piece of information, in spite of the pleasant interdict of Charles Lamb.

of exchanges at the corners of streets and on the top of a post; they then met by appointment at a public-house; but, from the insecurity of these arrangements, it was at last thought best that the principal city bankers should rent a house near the old Post Office in Lombard-street. This house was called the Clearing-house. To this house such bankers daily send all bills of exchange which may be due on that day, as well as all cheques which have been paid in since the clearing of the preceding day; and, as every clearing banker is provided with a desk and a drawer, like a letter-box, on which his name is affixed, the clerk who brings to the clearing-house the securities deposits them in the several drawers of the bankers to whom they are addressed or made payable.

At a particular hour of the day, which is usually four o'clock P.M., the drawers are removed or closed, so that after that hour no more cheques or bills can be deposited in them; and, as a means of ascertaining by whom the cheques have been put into the drawer of any one banker, the name of the firm so depositing them is previously written across each cheque.

This was the origin of crossing cheques, and the practice has ever since been adopted by the parties who issue them, as a security against fraud. In the case of bills of exchange, they are receipted on the back with the name of the banker to whom they belong.

Each clearing-banker has a clerk in attendance at the clearing-house, who takes out of his drawer the several bills and cheques therein deposited, and credits the respective accounts of the several bankers whose names are written across the cheques, and indorsed as receipted on the bills; he then sends them to his banking house, by a clerk in waiting, for the purpose of ascertaining whether they are to be paid: if none of them are returned to him, he concludes they are all correct.

Having previously deposited in the various drawers

such bills and cheques on the other bankers as his house held, and for which he debited the several bankers previous to depositing them in their several drawers, he balances each banker's account, and submits the same to the general superintendent of the clearing-house (an officer especially appointed by the body of bankers) for his examination and approval, and the same is done by all of them. The superintendent then declares the various balances to be paid or received, as the case may be, which balance in cash or bank notes is all the money which passes in payment between one banker and another.

The following tabular statement will give some idea of the *modus operandi:*

Debtor for cheques, &c. paid in by ——.	Balance.		Creditor for cheques, &c. taken out by ——.	Balance.
280,000	20,000	Barclay	260,000	
80,000	5,000	Barnard	75,000	
110,000	10,000	Barnett	100,000	
50,000	10,000	Bosanquet	40,000	
50,000	5,000	Brown	45,000	
110,000	...	Curries	120,000	10,000
110,000	...	Denison	120,000	10,000
50,000	5,000	Fuller	45,000	
280,000	20,000	Glyn	260,000	
100,000	10,000	Hanbury	90,000	
110,000	...	Hankey	115,000	5,000
280,000	...	Jones	300,000	20,000
150,000	...	Lubbock	160,000	10,000
200,000	...	Masterman	215,000	15,000
150,000	10,000	Prescott	140,000	
80,000	...	Price	85,000	5,000
160,000	...	Robarts	165,000	5,000
50,000	...	Rogers	55,000	5,000
40,000	...	Stevenson	45,000	5,000
60,000	...	Spooner	65,000	5,000
150,000	15,000	Smith	135,000	
80,000	...	Stone	90,000	10,000
60,000	...	Vere	65,000	5,000
40,000	...	Weston	45,000	5,000
110,000	10,000	Williams	100,000	
60,000	...	Willis	65,000	5,000
3,000,000	120,000		3,000,000	120,000

By this contrivance, the bankers of London are enabled to settle transactions to the extent of many millions a day, by the employment of not more, on an average, than from 200,000*l.* to 300,000*l.* of cash or bank notes.

Exclusive of the cheques and bills of exchange so paid, there is a large amount of country notes paid in the same way. Such notes are sent up to London to be exchanged at the several houses with whom the issuer keeps an account: these notes are, during the morning, sent round to the various banking-houses with whom they are payable; and, in lieu of the money being paid for them, a memorandum is given, setting forth "that such an amount of notes have been left by A. B. to be paid in the clearing this day, by C. D." These memorandums are treated precisely the same as the acceptance of the banker. Such is the confidence placed in each other by the clearing bankers, that, when a failure of one of the body happens, the transactions of the clearing are all made good, and the stoppage takes place in the morning. It is almost an unheard-of event for a banker to fail in making good the payments at the clearing-house.

One of the many advantages of the system adopted by bankers of interchanging each other's engagements at a given time of the day, particularly to the members of the Stock Exchange, is, that a customer who may have drawn largely on his banker both by cheques and acceptances on any given day, knows that he has the whole of that day, or at least up to four o'clock, to provide for his engagements; and although it may not be prudent to postpone providing for such engagements till that late period of the day, yet circumstances may sometimes justify the delay. In all cases, it may be considered of the utmost importance to the credit of individuals that such a practice exists.

In the Appendix to the Report of the Committee of the House of Commons in the year 1840, on Banks of Issue, at page 320, there is a return of the aggregate demands made through the clearing-house for each month in the year 1839, together with the amount of bank notes employed in the clearing during each month of that year, of which the following is a copy, omitting all fractions under 100*l.*

Month.	Demands.	Balances.
January	82,762,400	6,348,500
February	76,164,700	4,960,200
March	75,879,200	5,621,500
April	85,839,200	5,836,000
May	80,587,600	5,615,000
June	67,413,900	5,060,000
July	83,865,200	6,284,800
August	87,610,500	6,164,900
September	74,237,700	5,129,800
October	87,478,200	5,706,800
November	81,729,200	4,793,100
December	70,833,800	4,755,000
	£954,401,600	£66,275,600

This plan of paying each other's engagements by exchange is, however, confined to the private bankers residing in the city; those at the west end of the town do not adopt it.

The metropolitan joint stock banks are not permitted to pay their engagements by exchange at the clearing-house. Several attempts have been made by such banks to be allowed the privilege; but hitherto without success. The bankers allege that it is purely a private arrangement among themselves, and that they have the power of deciding who shall and who shall not be admitted among them.

But at the same time it must be conceded by all disinterested parties, that where a body of men are permitted to pay their debts by an interchange of debts

due to them, such payments having, through custom, all the force of law, the arrangement can hardly be called private. The legislature has the power—although we do not say it would be judicious to exercise it—of putting an end to such a system, by compelling a banker to pay his engagements on demand with money, and that no other mode should be considered legal. In all ordinary law proceedings, when it is necessary to prove the payment of money, the proof must depend upon the act of the money passing from one to another; but when payment is made by a cheque on a banker, it is only necessary to prove the payment of it through the clearing. Custom has established such evidence as sufficient proof of payment, although at first the judges were sorely puzzled to know how a payment could be made where no money passed.

The first authentic list of the bankers in London, or at least the first we have been able to discover, appeared in the Royal Annual Kalendar of 1765, from whence we have transcribed the following :—

Amyard, Sir George Staples, and Mercer, near Gracechurch-street; Asgill, Sir Charles Nightingale, and Wickenden, facing Lloyd's, Lombard-street; Buckwell, Hart, Dorrel, and Croft, Grasshoppers, Pall-mall; Biddulph and Cocks, New Buildings, Charing-cross; Bland, Barnell, and Bland, Black Horse, Lombard-street; Brown, Henton, and Son, facing Castle Tavern, Lombard-street; Bland, Grey, and Stephenson, Golden Ball, Lombard-street; Boldero, Carter, and Co., Vine, Lombard-street; Brassey, Lee, and Son, Crown, Lombard-street; Castells and Whately, Birchin-lane; Cliffe, Walpole, and Clarke, corner of Clement's-lane; Child and Co. joining in Temple-bar; Cooper, Gillingham, corner of Arundel-street, Strand; Colebrooke, Sir George, and Co., near Antwerp Tavern; Threadneedle-street; Coutts, James, near Durham-yard, Strand; Drummond and Co.,

Charing-cross; Freame, Barclay and Freame, near George-yard, Lombard-street; Fuller, Son, and Welch, facing Saint Edmund's church, Lombard-street; Fuller and Cope, Birchin-lane; Gines, George and William, Rose and Crown, Lombard-street; Gostling, Gostling, and Clobe, Three Squirrels, Fleet-street; Hankey, Sir Jo. and Sir Thomas, Three Golden Balls, Fenchurch-street; Hoare, Henry, Richard, and Richard, Leather Bottle, Fleet-street; Hunt and Robinson, George-street, York-buildings; Knight and Batson, facing Lloyd's, Lombard-street; Martin, Stone, and Blackwell, Grasshopper, Lombard-street; Murray, John, Crown, Fleet-street; Pewtress and Robarts, opposite Three Kings, Lombard-street; Ruffey, Neale, James, and Fordyce, opposite Post Office, Lombard-street; Smith and Payne, near Coleman-street, Lothbury; Snow and Dunn, Anchor without Temple-bar; Vere, Glyn, and Halifax, Birchin-Lane; Willis, Read, and Co., Crown, Lombard-street; Wright, Anthony, Henrietta-street, Covent-garden.

The bearing of devices over the doors of shops, and other places of business, was a very common practice before the introduction of the plan of numbering the houses, which did not take place till about the year 1770.

The sign of the house in Bread-street, where Milton's father resided, was a Spread Eagle, which appears to have been the arms of that family.

Remains of this custom are still to be observed in several parts of the metropolis; and, in reference to that particular vocation which forms the subject of our pages, the reader is informed that Messrs. Hoares, the bankers in Fleet-street, retain to this day over the door the symbol of a leather bottle,* gilt, and the same was

* In a list of merchants of London, published in 1677, there are added the names of the goldsmiths "that keep running cashes:" and

also represented on their notes, which they formerly issued.

Messrs. Gostlings also retain their sign of three squirrels; and Strahan, Paul, and Co., the sign of the Golden Anchor.

It would fill a volume were we to attempt to give an account of the origin of each of the London bankers; but we cannot refrain from noticing in this place a few bankers of comparatively a modern date.

On the occasion of the state visit of George the Third to the city on the first Lord Mayor's day after his accession to the throne, and when the cavalcade had reached Cheapside, the acclamations of the people were so great "as to pierce the air with their shouts;" added to which, the dismal noise made by the creaking of the various signs which hung across the streets caused one of the horses attached to the King's carriage to become very restiff and unmanageable when opposite Bow church, causing considerable confusion to the procession, and alarm to their Majesties.

A certain quaker named David Barclay, a linen draper in Cheapside, who was viewing the procession from the balcony of his first floor window, perceiving the embarrassed situation of the King and Queen, descended to the street. At this moment the procession halted, and our friend approaching the carriage addressed the King, saying, "Wilt thee alight, George, and thy wife Charlotte, and come into my house and view the Mayor's show?" The King, who had on many occasions before he came to the throne evinced a strong partiality for quakers, and who, from the plainness of his manners, would no doubt have been one himself, had he not been

amongst them there is James Hore, at the Golden Bottle, in Cheapside. It also appears, from Sir Richard Hoare's history of the family, that Mr. Richard Hoare (afterwards Sir Richard), goldsmith, at the Golden Bottle, in Fleet-street, resided there in 1692.

born to a throne, condescended to accept the invitation of the worthy linen draper, and in the balcony of the first floor of the house exactly opposite Bow church* the King and Queen stood during the remainder of the procession.

Our friend David introduced to their Majesties the whole of his family. His eldest son Robert, who was then a young man about twenty years of age, received especial notice from their Majesties. On their taking their leave to proceed to Guildhall, his Majesty said, "David, let me see thee at Saint James's next Wednesday, and bring thy son Robert with thee." Accordingly, David Barclay and his son Robert attended the levee, and on approaching the royal presence the King, throwing aside all regal restraint, descended from the throne, and giving the Friend a hearty shake of the hand, welcomed him to Saint James's. He said many kind things both to the father and the son: among the rest, he asked David what he intended to do with Robert? and without waiting for a reply said, "Let him come here and I will provide him with honourable and profitable employment."

The strict and cautious quaker, with many apologies, and with much humility, requested permission to reject the proposal, adding, "I fear the air of the Court of your Majesty would not agree with my son."

The King, who had seldom witnessed a similar rejection of intended royal favour, said, "Well, David, well, well; you know best, you know best; but you must not omit to let me see you occasionally at Saint James's.

Soon after this, David Barclay saw his son Robert established as a banker in Lombard-street, who, instead of becoming a courtier, a position for which nature never intended him, became the founder of one of the most eminent banking firms of the present day.

The manner of conducting the business of banking

* At present occupied by Messrs. White and Greenwell.

was in those days very different to the present. The banker used to attend 'Change, which was usually over about half-past two o'clock; he would then go to dinner, and afterwards not unfrequently to the theatre, when the banker would return to Lombard-street, and commence writing his business letters, which he would send to the post office in time to be despatched by that night's mail, leaving London at *twelve o'clock;* not, however, in the manner of mail coaches, with guard and coachman, or railways as at present, but by post-boys, who carried the letters in bags slung across the horse's back. This mode of conveyance was naturally very hazardous; and it was no uncommon thing for a post-boy to be attacked by highwaymen, his mail seized, and himself shot if he made resistance.

The above particulars were related to us by a clerk who had been upwards of fifty years in the house of Barclay, and who in fact was one of the earliest clerks in the New Bank.

He used to tell an amusing story of the first appearance of a new clerk. It appears that the staff consisted of three clerks only, and, on the occasion of the third coming to the office for the first time, he was dressed after the following fashion:—

He wore a long flapped coat with large pockets; the sleeves had broad cuffs with three large buttons, somewhat like the coats worn by the Greenwich pensioners of the present day; an embroidered waistcoat reaching nearly down to his knees, with an enormous bouquet in the button-hole; a cocked hat; powdered hair with pig-tail and bag-wig; and gold-headed cane, similar to those of the present day carried by the footmen of ladies of rank.

The gentleman who cut so curious a figure remained in the house many years, and died a few years ago at a very advanced age, much respected by his employers.

At the latter end of the last and beginning of the

present century, the following merchants and bankers were noted in the commercial world for their immense wealth: viz., Joseph Denison, Sir Francis Baring, Thomas Coutts, Henry Hope, Lewis Tessier, and Peter Thellusson. The last-named gentleman requires some special notice, for the extraordinary and unprecedented manner in which he disposed, by will, of the great bulk of his property.

Mr. Thellusson was born at Paris in the year 1735, about which period his father, Mr. Isaac Thellusson, a citizen of Geneva, settled at Paris, and established one of the first banking-houses in that city.*

Monsieur Necker, the celebrated financier, began his career by being admitted a clerk in that house, and was afterwards taken as a partner under the firm of Thellusson and Necker. Peter Thellusson, on the death of his father, settled in London as a merchant and banker, under the auspices of the great banking-house of Thellusson and Necker, by which means he was enabled to correspond with all the great commercial houses in Paris, and other cities on the continent. He appears to have been a man of extensive commercial knowledge, with an untiring industry and application to business, coupled with a spirit of enterprise at all times tempered with sound judgment. These were the bright parts of his character. On the other hand, an inordinate love of money was his ruling passion; his economy was consequently severe and unceasing; but he never condescended to practise the vulgar sordidness that misers usually adopt.

Mr. Thellusson died in the month of July, 1797, possessed of property, both real and personal, valued at upwards of 700,000*l*. His will, dated in April, 1796, after leaving several legacies to his wife,† his three sons

* I. L. de Lolme, "Observations on Thellusson's Case, 1798."

† Mrs. Thellusson died the 18th of January, 1805.

and three daughters, and others, amounting together to about 100,000*l.*, directs that the residue of his property of every kind, valued at 600,000*l.*, shall be vested in three trustees, whom he names, to accumulate, and to be laid out by them in the purchase of estates in England, until such time as all his children, and the male children of his sons and grandsons shall die, and then the lineal male descendants, who must bear the name of Thellusson, shall inherit the property in the following mnnner :—

The estates to be divided into three equal parts or lots : one to go to the male descendants of his eldest son, another to his second son's male descendants, and the remaining lot to his third son's male descendants ; thus creating prospectively three large landed estates. In case of failure of male descendants of any one of the three, his share to go to the other two ; and if a failure of two, then the whole three lots to be consolidated into one vast landed property, which—if the provisions of the will are carried out in all their integrity—will exceed the largest territorial fortune yet known in Europe. But, if there be no lineal male descendants, then the whole of the estates to be sold, and the money applied towards paying off the national debt.

After the legacies to his three sons, the following clause is added :—

"The provision which I have made for my three sons, and the very great success they have met with, will be sufficient to procure them comfort ; and it is my earnest wish and desire that they will avoid ostentation, vanity, and pompous show, as that will be the best fortune they can possess."*

* All the three sons had seats in the House of Commons ; and the eldest, Peter Isaac Thellusson, accepted an Irish peerage on the 1st of February, 1806, as Baron Rendlesham.

He concludes this extraordinary disposition of his property in the following words:—

"As I have earned my property which I now possess with industry and honesty, I trust and hope that the legislature will not in any manner alter my will, or the limitations thereby created, but permit my property to go in the manner in which I hereby dispose of it."

In the month of December, 1798, two bills were filed in the Court of Chancery, one by the widow of the late Mr. Thellusson, and his three sons and three daughters, and the husbands of the two then married, and the other by the acting trustees under the will. The former prayed that the will might be invalidated, and the property distributed as if there was an intestacy; and the other sought to substantiate the trusts of the will, and to be directed in the manner of carrying them into execution. The case was argued for five consecutive days before the Lord Chancellor, assisted by the judges. The decision of the court was in favour of the validity of the instrument, and a day was appointed for carrying out its provisions.

The following is a statement of the real and personal property of the testator, furnished by Mr. Hargreaves, counsel for the family in the above cause.

An estate at Broadsworth, in Yorkshire, valued at 140,000*l.*; another at Plaistow, valued at 25,000*l.*; warehouses in Philpot-lane, 10,000*l.*; Three per Cent. Consols and Imperial Annuities, amounting to 396,458*l.* 8*s.* 7*d.*; Bank Stock, 21,000*l.*; East India Stock, 14,125*l.*; Four per Cents., 36,005*l.* 11*s.* 1*d.*; South Sea Stock, 2,500*l.*; Five per Cent. Loyalty Loan, 3,000*l.*; Irish Five per Cents., 1,500*l.*; Irish Annuities, 712*l.*; Long Annuities, 900*l.*; Hudson's Bay Stock, 2,500*l.*; payable by instalments, and secured by a bond of a firm of undoubted credit, 49,000*l.*; various debts valued at 50,000*l.*; bills on the East India Company, 24,000*l.*; and cash in the

banker's hands, 5,500*l.* According to the tenor of the will it was supposed that it might require a term of upwards of ninety years to elapse before the lineal male descendants could take possession of the property; and if during that period the various sums above enumerated could be invested at five per cent. compound interest, they would amount to more than 70,000,000*l.* sterling.

The late Mr. Thellusson's property was too valuable a prize to be allowed to glide down the stream of time uninterruptedly. The gentlemen of the legal profession can discover flaws in testamentary documents not perceptible to common understandings; and so it was in this case; for, although the legality of the will had been settled in 1798, it became the subject of frequent discussions in the Court of Chancery, and probably will be so to the end of the term.

One of these applications, made to the Lord Chancellor in November, 1821, raised the question, whether a person could not inherit through a female? Lord Eldon decided that only lineal male descendants could inherit. This, one would suppose, had been made plain enough in the will; but, as we said before, forensic ingenuity is one thing, common sense is another.

It is difficult at this distance of time accurately to account for the conduct of Mr. Thellusson in disinheriting, not only his children, but his children's children. It could not have been because they were not dear to him, nor because they did not deserve to be so, nor because others were more dear to him, for he was a fond father, and his children were all (excepting one daughter) well married, and with his unqualified consent: in short, he was as fond of his daughters-in-law as of his own children.

Many have adopted the generally received opinion, that during the French Revolution large quan-

tities of money and goods were assigned to Mr. Thellusson by several of the French noblesse, in the expectation that they would soon be able to follow; but that, falling victims to the sanguinary spirit of the times, they never lived to claim the property, and consequently Mr. Thellusson unexpectedly became possessed of the same; yet, thinking it possible that in the course of time circumstances might arise calculated to throw light upon the real heirs of the property, his high sense of honour and integrity influenced him in disposing of it in the manner before stated.

If the Chancellor of the Exchequer were occasionally to institute inquiries into the manner in which the late Mr. Thellusson's property is managed, he could hardly be said to be exceeding his duty; for, although the falling in of the reversion to the crown is a very remote contingency, yet still it *is* a reversion, and one which we think from its magnitude ought to be periodically looked after.

But, whatever the motive of Mr. Thellusson may have been in leaving his property as before described, as it was the first, so will it be the last, will of the kind that can legally be made; for the 40th George III. restrains for the *future* all trusts whereby the property or produce of real or personal estates shall be accumulated, and the beneficial enjoyments thereof postponed beyond the term mentioned in the Act.

We shall now record some particulars respecting another of the wealthy individuals before referred to, viz. the late Thomas Coutts, a character widely different from that of Mr. Thellusson.

The father of Mr. Coutts was a merchant of some eminence at Edinburgh. He had four sons; the two youngest, James and Thomas, were brought up in their father's office. James, at the age of 25, came to London, and settled in St. Mary Axe as a Scotch merchant,

and subsequently started as a banker on the same spot, and most probably in the same house where the business of the bank is now carried on. Some few years after, Thomas joined his brother as a partner, under the firm of James and Thomas Coutts, bankers.

James Coutts died many years ago, when Thomas was left sole proprietor of the bank. He was plain in his person; sedate in his deportment; punctual to an extreme nicety in the discharge of all the duties of his business; frugal and sparing in his personal expenditure; singularly clear in his judgment, and careful of his health, and still more of his reputation. To these moral excellences, so essential to a young man just launching into life, must the future success of Mr. Coutts be in a great measure attributed.

When Mr. Coutts was a single man, and known to be very wealthy, he was an object of attraction to more than one noble family having portionless daughters, in the hope that an alliance with the rich banker would be the means of relieving them from their pecuniary necessities; but these aristocratic matrimonial speculators were all deceived and confounded by the choice Mr. Coutts made of a wife, which fell upon Elizabeth Starkey, a superior domestic in his brother's service, with whom he lived many years in the enjoyment of every domestic comfort. His family consisted of three daughters, who respectively married the Marquess of Bute, the Earl of Guildford, and Sir Francis Burdett.

Few men ever enjoyed in an equal degree with Mr. Coutts the confidence and esteem of his friends, or obtained, unaided by rank or political power, so much consideration and influence in society. The large fortune which he acquired was, as we have before implied, the consequence not the object of his active life.

In the early part of his career, Mr. Coutts, anxious to secure the cordial co-operation of the heads of the

various banking-houses in London, was in the habit of frequently inviting them to dinner. On one of these occasions, the manager of a city bank, amongst other news of the day, said that a certain nobleman had applied to his house for the loan of 30,000*l.*, and had been refused. Mr. Coutts took no particular notice of this at the time; but the moment his guests had retired, which was about ten o'clock, he started off to the house of his lordship, and inquiring for the steward told him his business, adding, "Tell his lordship, that if he calls on me in the morning he may have what he requires."

On the following morning the nobleman went to the bank. Mr. Coutts received him with great politeness, and taking thirty one-thousand pound-notes from a drawer, presented them to his lordship, who was most agreeably surprised, and asked, "What security am I to give you?"—"I shall be satisfied with your lordship's note of hand," was the reply. This was instantly given. The nobleman then said, "I find I shall only require for the present 10,000*l.* of the money: I therefore return you 20,000*l.*, with which you will be pleased to open an account in my name."

This generous act of Mr. Coutts was not lost upon his lordship, who, in addition to paying in within a few months 200,000*l.* to his account, being the produce of the sale of an estate, recommended several of the nobility to patronise Mr. Coutts; and further, his lordship related the above circumstance to King George the Third, who also patronised him by keeping a large amount of money in Mr. Coutts's bank.

The occasion of his Majesty's withdrawing his account from Mr. Coutts was reported to have been caused by the following incident:—

Mr. Coutts had advanced 100,000*l.* to Sir Francis Burdett towards the expenses of his election for Middlesex. On this fact becoming known to the king, he

sent for Mr. Coutts, and, after satisfying himself of the real facts of the case, immediately withdrew his money from the bank, a considerable portion of which he placed in the hands of a banker at Windsor, who, to the great mortification of the king, subsequently failed, considerably in his Majesty's debt.

On the death of his wife, Mr. Coutts married Miss Mellon, an actress. On this second marriage both Mr. and Mrs. Coutts were made the constant subject of ridicule. These attacks, however, were mainly directed against the lady; but they only tended to strengthen the confidence Mr. Coutts had placed in his wife, and this confidence was in the end displayed in a remarkable manner.

Mr. Coutts died on Sunday, the 22nd of February, 1822, at the advanced age of 87. His will exhibits a striking contrast to that of Mr. Thellusson; for, after reciting the nature and extent of his property, to the amount of 900,000*l.*, he left the whole to Mrs. Coutts for her sole use and benefit, and at her own disposal, without mentioning any other person or leaving a single legacy, and, by thus leaving the whole of his fortune to his widow, the legacy duty was saved.

Mrs. Coutts subsequently married the Duke of St. Alban's, but under her marriage settlement reserved to herself the sole control over the property of the late Mr. Coutts; and on her death, true to the confidence reposed in her by Mr. Coutts, she left the whole of his vast wealth to his favourite grand-daughter Angela Burdett, now Miss Angela Burdett Coutts, who is the principal proprietor of Coutts's bank, the business being conducted by trustees for Miss Burdett Coutts, under the old style of Coutts and Co.

The origin of the house of Jones, Loyd, and Company, the eminent bankers, was as follows. Mr. Lewis Loyd, father of the recently-created Lord Overstone, was

formerly a Welsh Dissenting minister in a small chapel at Manchester. His ministration was attended by the family of a Mr. Jones, who was a sort of banker and manufacturer. Miss Jones fell in love with Mr. Loyd, and without the privity of the father they were married. On its becoming known to Mr. Jones, he was strongly opposed to the union; but, as in all similar cases, what is done cannot be undone, and he soon became reconciled to Mr. Loyd.

Mr. Jones, finding that his son-in-law evinced a considerable extent of tact and business-habits, proposed that Mr. Loyd should leave off preaching, and enter his counting-house as his partner, under the firm of Jones, Loyd, and Co. This was accordingly done; and it was subsequently agreed that in consequence of the London agents of Mr. Jones making repeated complaints about the trouble of keeping Mr. Jones's account, he (Mr. Loyd) should proceed to London and establish a bank under the name of the Manchester firm; so that Jones, Loyd, and Co. of Manchester, drew bills upon Jones, Loyd, and Co. of London, or, as was facetiously observed, "pig upon bacon." *

We believe this phrase arose out of the following incident. Mr. Loyd having one day called upon a customer whose acceptances the banker held, and the same having been drawn upon the house in London by a firm abroad, asked the customer whether the bills so drawn upon and accepted by him were based upon bonâ fide transactions. "Before I answer that question," said the gentleman, "you must permit me, Mr. Loyd, to put a question to you:" at the same time, opening

* Clearness of head, untiring industry, and perfect honesty, soon recommended Mr. Lewis Loyd, who secured many friends in the metropolis; and thus arose the wealthy firm of Jones, Loyd, and Co., and thus did the Welsh Dissenting minister come to be the ancestor of a peer of the realm.

a drawer, he produced several bills drawn by Jones, Loyd, and Co. of Manchester on Jones, Loyd, and Co. of London, "Pray, sir, are these bills, which I call 'pig upon bacon,' all based upon bonâ fide transactions?" This was so unexpected a retort, that Mr. Loyd retired without uttering another word.

After a very long and honourable career, Mr. Lewis Loyd retired from the bank, and was succeeded as head of the firm in London by his eldest son, Mr. Samuel Jones Loyd, now Lord Overstone. We cannot refrain from recording a kind and generous act performed by this gentleman on the occasion of taking his father's place, which, in our opinion, adds more lustre to his character than his coronet can possibly confer upon him. What we allude to is explained in the following letter, addressed to the gentlemen in his establishment.

"To Mr. Kirby. "Lothbury, 24th December, 1845.

"Dear Sir,—The enclosed draft for 1000*l.* I request you will place to the credit of the clerks' Christmas fund. At the close of the first year since my accession to the head of this concern, I am desirous of offering to those through whose assistance I have been enabled to bring it to a satisfactory conclusion some substantial proof of my sense of those services, and of the interest I feel in all that concerns their comfort and happiness. The year now closing has been marked by some circumstances of an accidental and temporary character, which have tended to throw an unusual degree of labour and trouble on the clerical department of the office. Of the readiness with which the difficulty has been met and overcome I am very sensible; and for this, as well as the uniform zeal and integrity with which the general duties of the office are discharged, I beg that the clerks will accept my grateful acknowledgments, and that you and they will believe me to be the faithful friend of you all.

"S. J. Loyd."

Bankers have the character of being aristocratic in their bearing towards their customers, and jealous of the prosperity of rival establishments. We will not stop to inquire into the truth or otherwise of such impressions, but simply content ourselves with relating the conduct of one of the partners in an old banking-house towards a new one.

It happened that a new bank was established on a principle which, if successful, would probably have gone far towards swamping all, or nearly all, of the smaller London bankers, and therefore one of the latter class determined to take the first opportunity of showing how far he could throw impediments in its way.

There is a custom among city bankers, that all cheques crossed with the name of a banker are to be paid only to that banker whose name is on the cheque. The new bank referred to sent their clerk, as usual, to collect the amounts of the various cheques on other bankers; and, having for the first time a cheque on the house just alluded to, and which cheque was crossed with the name of the new firm, he presented it in course, and was refused the amount "because it was crossed with the name of parties not acknowledged as bankers." On the clerk bringing back the cheque and reporting this answer to the house, it appeared to them that such a proceeding, if tamely submitted to, would, in fact, strike at the root of their existence as a bank. Accordingly one of the partners immediately proceeded to the banking house on whom the cheque was drawn, and obtained an interview with the gentleman who had sanctioned the offensive message, and who repeated his determination to refuse payment of the cheque on the grounds before stated. On being asked, what tribunal it was that settled the question of who was and who was not a banker? he declined giving any reply. On being asked, whether his house had any funds in hand belonging to

the drawers of the cheque, he answered in the affirmative; and further said, "to ten times the amount." "In that case," replied our young banker, "there is no other answer that my firm can return for the dishonour of this cheque than that you, according to your own admission, have stopped payment;" and he added, "I shall make it my business, having been an eye-witness to the fact, to make your suspension of payment known throughout the city."

This determination staggered the banker. After consulting for some time with his head clerk, who, fortunately for the credit of that establishment, had a seat in the bank parlour, and who was distinctly heard to say, though he whispered it, "You must pay it, Sir; you cannot refuse it," he requested his young rival would accompany him into the shop, and he would give instructions to his cashier to pay the cheque. Having done so, and being about to return to his room, he was further requested to give a general order, that all future cheques similarly crossed might be paid, if not otherwise objectionable; "for," added the young banker, "I should be sorry to repeat my visit on any similar unpleasant occasion." Having said this, he retired from the bank, satisfied that he had obtained a victory over his jealous neighbour, whilst the other retreated to his room to chew the cud of disappointment and mortified pride.

However, as it often happens with men who have placed themselves in similar situations, the defeat rankled in the breast of the old banker, and it was not long before another opportunity was afforded of displaying his opposition to the new bank; but in this second instance he presented himself in a new character, that of a cowardly slanderer. The occasion was as follows: One of the customers of the new bank having received advice from the country to apply for 500*l.* to

the old bank, went there in person, and was handed a cheque for the amount. He was asked by the clerk the usual question, whether he would pass it through his bankers. Having answered in the affirmative, he was then asked the name of his banker. At this moment the old banker came up, and hearing the instructions given to his clerk to cross the cheque with the name of the new firm, he took it from the clerk, and leaning over the counter said to the gentleman in a half whisper, "What, Sir, do you keep your account with that firm?" "I do," was the ready reply; "is there anything wrong?" "Oh, not that we know of *at present*," laying a strong emphasis on the last words. This made the gentleman very uneasy, and he further interrogated the banker whether he knew anything to the discredit of the house, because, he said, "I have a large balance in their hands, and it would be a very serious thing for me if there was any doubt of their respectability." The old banker, "willing to wound, and yet afraid to strike," answered somewhat after the style of Hamlet—

> As, "Well, well, we know,"—or "We could, an if we would;"
> Or, "If we list to speak,"—or "There be an if they might,"
> Or such ambiguous giving out, to note
> That he knew ought of them.

These, or somewhat similar inuendoes, were sufficient to alarm the gentleman; and the result was that the old banker induced the gentleman to open an account with *his* house, paying in the cheque for 500*l.* as a commencement, and drawing another cheque for 600*l.* on the new bank, which amount was within a few pounds the balance of his account in their hands.

This very Christian-like conduct of the old banker was not known until some time after, when *his bank stopped payment*, having at the time of its stoppage nearly 400*l.* in their hands belonging to the gentleman whose account they had obtained in the above sinister manner.

The gentleman, when speaking of the transaction, has often admitted that he had paid dearly for his folly in listening to the slanderer's tongue. The failure of that banking-house caused considerable sensation in Lombard-street; and we believe the affairs of the house are not to this day wound up.

We now propose to give a specimen of a banker's aristocratic bearing towards one of his customers belonging to the trading community. The reader must know that there is a class of retail traders in London who keep accounts with bankers, but who seldom, or perhaps never, have the privilege of the entrée to a banker's parlour. This privilege is almost exclusively enjoyed by the merchants and wholesale dealers; and on this account the retail tradesman scarcely knows the person of the banker with whom he lodges his money, or the banker that of his customer. This ignorance gave rise to a ludicrous scene between a Lombard-street banker and a baker, one of his customers.

It happened on a certain day that the baker had paid in to his account a large sum of money, and on his retiring from the bank he paused on the step of the door, and began to reflect which way he should steer his course. Whilst in this state of uncertainty, as ill luck would have it, our banker came up; and, as he could not pass the baker without touching him, and so soiling his own clothes—for the baker was in his working gear—he very haughtily said, "Move away, fellow." This language applied to a tradesman who had just paid 500*l.* in to his account, which already had an equal sum to his credit, was, to say the least of it, very irritating, and such as the baker thought, no doubt, he ought to resent; for he replied, "I sha'nt move for you nor any coxcomb like you; and, what's more, if you address me again in that manner, I'll put your nose in the kennel."

The banker, not being in his turn used to such a mode of address, still authoritatively ordered the baker to move and let him pass, or he would let him know who he was. Words ran very high. At last the pugnacious baker, unable any longer to restrain his passion, with one blow—for he was a powerful man—knocked the banker into the gutter. The banker's fall shook Lombard-street; but, unlike most bankers who, when they fall, fall like Lucifer never to rise again, he did rise, and, rushing into his banking shop, covered with mud, foaming with rage, and followed by the baker, he called loudly for the parties to fetch a constable to take this fellow into custody.

The cashier, who but a few minutes before had attended upon the baker, to his utter amazement witnessed this extraordinary scene. He immediately ran to the banker, and, like a second Mentor, whispered in his ear, "That is Mr. ——, our customer." These few words acted upon the excitable feelings of the banker in the same manner as oil upon troubled water; for without uttering another word he retired to his room, which, on this occasion, might very properly be called a "sweating room;"* for

> "He perspired like an ox; he was nervous and vexed."

After a while he requested the cashier would calm the baker, who had been chewing the cud of his resentment outside the room. This the cashier soon effected, and the customer was, for the first time, introduced to his banker, when apologies were interchanged, and the banker and baker from that day were well known to each other.

When a cashier in a banking-house commits an error by paying too much, the loss falls upon the clerk, unless

* A banker's parlour is called the "sweating-room," a significant term, as all who have been under the necessity of asking for discounts will readily allow.

there be any extenuating circumstances to justify a contrary course; the mistake is then called a clerical error. Our readers will not be at a loss to know in which category to place the following:—One Monday morning a very elegantly-dressed female entered the banking house of —— and presented a cheque for payment, at the same time requesting, with a great show of politeness, that she might have gold in exchange for the cheque. The lady was not only well dressed, but she was very beautiful; so much so, that the attention of the cashier was riveted upon her. He weighed fifty sovereigns, which he handed to the lady; and, supposing that she would count them one by one, he anticipated that the pleasure he enjoyed in looking upon her would thereby be prolonged: but he was mistaken; for, to his surprise, instead of counting them, she huddled them all up together, and put them in a white pocket handkerchief. The cashier observing this unusual mode, said, "You had better count them, madam;" but the lady, looking at him with a most gracious smile, replied, "I am quite satisfied, Sir, that you are right;" and, with another bewitching look, wished him good-day, and walked leisurely out of the bank.

The cashier was so overpowered with the beauty of his customer, that immediately on her retiring he went a few paces to a fellow cashier and asked him if he had ever seen such a lovely creature. "Such a bewitching woman!" said he, "what a sparkling brilliancy there was in her eye! I wonder who she is?" This caused him to look at the cheque, which on first receiving he had placed on his book, without entering or once glancing at it; when he discovered to his utter astonishment that it was for 5*l.* instead of 50*l.* Uttering an exclamation, he jumped over the counter, and was in the street in a second. He looked to the right and left, but could distinguish no trace of the beautiful

lady: he ran in and out of the several courts that surrounded the bank in vain; he returned to the banking-house to take counsel with his fellow admirer of their charming woman, as to the best course to adopt, when it was decided that he should immediately apply to the drawer of the cheque for the name and address of the party to whom he paid it, the body of the cheque simply expressing it to be payable to "house expenses or bearer."

The drawer of the cheque, on being asked by the cashier to furnish him with the desired information, expressed his surprise at what he called his impertinent curiosity; but, on being informed of the mistake that had been made, he immediately gave the name and address, "Miss Thompson, Bury-street, Saint James's," adding, "I beg you will not utter a word of this affair to any one, for if it should come to the ears of Mrs. P.—— I fear the most serious consequences would result from my indiscretion, for the party in question is, I fear, only too celebrated."

The cashier, anxious to catch the lady on her return home, assured the gentleman of his silence, and proceeded with the utmost expedition to Bury-street. The door was opened by an innocent-looking girl, who, on being asked if Miss Thompson was at home, replied with great simplicity, "No, Sir, Miss Thompson is not at home:" and, as though she wished to stifle all further inquiries, she added, "I do'nt think she will come back."

It ultimately came out that the moment "Miss Thompson" returned from the city, she packed up her things and left the house, of course without leaving her address or any clue to her whereabouts; enjoying, no doubt, the satisfaction of having proved the truth of the saying that "Love is blind;" for she had by a judicious exercise of her charms so far blinded the

eyes of a city banker that he could not distinguish between five and fifty pounds.

This was a sad termination of the affair to the cashier, who on his return to the Bank felt ashamed to mention the circumstance to the house, and it was arranged that the drawer of the cheque should, by way of purchasing the silence of the cashier, pay one half of the amount, and the cashier the other, which was done; and the affair was kept a profound secret for some time.

On another occasion a quaker presented a cheque for three hundred pounds, and the cashier paid him four hundred. The Friend discovered the error, and in the usual quaint manner of his class addressed the cashier, saying, "Friend, hast thee not made a mistake?" but the cashier, being very busy, gave no heed to his question. In a few minutes it was repeated with the like success, and it was not till after the question had been put for the third time, and our patient quaker had waited full ten minutes, that the cashier condescended to ask in a somewhat haughty tone to what he alluded. The Friend, with much humility, said, "I wanted from thee three hundred pounds, and thou hast given me four hundred. I have been desirous of drawing thy attention to the mistake, but could not until now induce thee to regard me. Here is the one hundred back again." The cashier, as may be supposed, was overwhelmed with shame at this quiet though pointed rebuke.

In the month of May, 1824, an advertisement appeared in the "Morning Advertiser" newspaper to the effect that a junior clerk was wanted, who would be required to clean out the counting-house, &c.; all applications to be made to No. 9, Staple's-inn, Holborn. This advertisement caught the eye of a young Irish boy, who had brought his father's dinner to the public-

house; and after his respected parent had finished his meal and resumed his hod, for he was a bricklayer's labourer, the lad started off to Staple's-inn.

The auspicious day on which young Mike became a candidate for a clerkship was a Saturday; and, as Staple's-inn was not far from Gray's-inn-lane, he soon arrived at his destination. He had got to the first landing of the stairs leading to the place he wanted, when a respectable gentlemanly looking man met him, and asked him where he was going to.

On Mike telling his object, the other replied, "Oh, indeed! I am the party in want of a clerk. I was just going out, but I can speak to you here;" and, being very soon satisfied from the simplicity of Mike's replies to his questions that he would answer his purpose, he said, "I shall want you first to go into the City for me and obtain the money for a bill," which he took out of a black case, and which he said would be paid in Lombard-street. He gave Mike particular instructions how he was to conduct himself, adding, "When you have got the money safe in your pocket, and before you leave the banking-house, stand on the step of the door and take your hat off."

On Mike's way to the bank he was haunted with the most pleasing waking dreams, and thought full surely his fortune was made; more especially as his engagement wholly depended upon the manner in which he acquitted himself on this occasion. He never thought for one moment that there was any thing uncommon or unusual in the mode and manner of his introduction to the situation, and for this special reason—he had never known how similar matters were arranged.

Immediately Mike had left Staple's-inn on his destination, his new master jumped into a cab and drove to Lombard-street, secreting himself in a court exactly opposite the banking-house: he there waited the arrival

of Mike, whom he saw enter the house, and in less than ten minutes, which no doubt appeared to him an age, Mike stood on the step of the door, and, acting up to the letter of his instructions, took off his hat, and walked towards Staple's-inn.

The gentleman, not perceiving any one following Mike, returned to the cab, which had been waiting for him, and arrived at Staple's-inn just before the boy. He met him again on the stairs, when Mike informed him, that he had executed the business; "and here is the money, 458*l.*" which the gentleman took, complimenting Mike on his adroitness and dispatch, which he told him he had taken care to witness, concluding with an intimation that he might consider himself engaged, but, it being too late in the day for him to commence the duties of his office, he could dispense with his services until Monday morning. At the same time he presented Mike with three sovereigns, telling him to buy himself a new jacket and a pair of trowsers. They then parted; the boy to his mother to relate his good fortune, and the gentleman to the Bank to exchange his notes for gold.

On Monday morning, Mike, attired in his Monmouth-street habiliments, accompanied by his mother, arrived at Staple's-inn as the clock struck nine. They knocked gently at the door, over which there was a notice that the chambers were "To let, apply to the porter at the lodge." After knocking several times without the door being opened, suspicion for the first time began to operate upon Mike's mind; but he durst not tell his mother what he thought. He could read the notice for letting the chambers; but his mother had not acquired the art of reading. It was after a short consultation agreed that they should apply at the porter's lodge, and inquire if Mr. Dixon, for that was the name he gave Mike, lived there. The porter said, that there was no

such person as Mr. Dixon residing in Staple's-inn; and asked what number they had been directed to. When informed that it was No. 9, he said, "It must be a hoax; for No. 9 has been shut up for six months." He had, he said, received several letters addressed to A. B. No. 9, Staple's-inn; but he was not at all aware of the purport of them.

Mike now began seriously to think that all his bright prospects were like castles in the air; and that the affair would, as the porter said, turn out a hoax. However, the three sovereigns were genuine, there could be no mistake as to that. Mike and his mother now proceeded to the bankers in Lombard-street. The clerk recognised him; but, as Mike could not tell the amount of the bill, it was some time before the transaction could be traced. When it was discovered, a reference was made to the bill, which, on close examination, proved to be a forgery. The bankers lost no time in sending to the Bank to stop the payment of the notes; but, as Mr. Dixon had lost no time in exchanging them for gold, the messenger was informed that the notes had been paid in gold about ten minutes before five o'clock on Saturday.

The matter now assumed a serious aspect, and was of course brought under the notice of the "house," as a banking firm is usually called. Mike and his mother were introduced to Mr. ——, one of the partners in the house, and related in a most circumstantial manner all the particulars above named. Mr. —— was considered one of the cleverest bankers in Lombard-street; but, as banking and thief-taking are distinct professions, perhaps it was not to be wondered at, that, ignorant of the nature of the latter, he should have made the following extraordinary arrangement with the simple Irish boy:

After asking Mike if he should know the man again, and being fully satisfied on that head, he proposed that

Mike should perambulate the streets of London all day in search of the man, for which he (the banker) would allow him 1*l.* per week; adding, "If you find the man, or his haunts, you are to come immediately to me and let me know."

Mike retired from the presence of this great banker with a heart as light as a feather. He had just lost a situation as clerk to a thief at 7*s.* per week, and in exchange had got another at 20*s.* per week, as a street-walker to one of the first banking-houses in London.

Mike rambled about the streets of London; but we will not disguise the fact that he was shrewd enough to know that if he found the man Dixon his occupation would be gone, and with it the pound a week. He therefore, as the reader may suppose, never found him; but, as if the measure of Mike's good fortune was not quite full, the banker ordered our hero to proceed to France, in company with one of the Bow-street officers, with the view of attending the coronation of Charles the Tenth, in the hope that Dixon might be discovered among the spectators at that august ceremony. Mike accordingly went to France, and figured at the coronation; but as a matter of course returned without finding Dixon.

The youthful detective again resumed his rambles through London streets; but we shall soon bid farewell to him, for symptoms of a new light began to break in upon the mind of the banker. He was dissatisfied at the expense of Mike's unprofitable weekly allowance. On Saturday, as Mike was in the act of receiving his weekly stipend, Mr. —— walked into the shop, and accosted our hero as follows: "Well, my boy, you have not found that scoundrel yet, and I begin to think you do not look after him, for I never see you." Mike replied with great *naïveté*, "The reason is, Sir, that when you are in the east I am in the west."

The utterance of this answer, although perhaps its substance was strictly true, caused poor Mike's income to vanish, for he was told that the house could not think of paying any more money in such a hopeless case; but if he (Mike) found the man, the house would pay ten pounds. This latter arrangement ought to have been made at first; but it was not proposed until after this acute Irish lad had been for nearly three months in the receipt of a pound per week, and had enjoyed a trip to France at the banker's expense into the bargain. What became of the Irish boy after his unprofitable services were dispensed with we are not able to record. Suffice it to say, that the banker never recovered a single shilling of the money paid for the forged acceptance; but, on the contrary, sustained an additional loss of nearly 100*l.* in a fruitless endeavour to find the delinquent.

We could multiply instances of forgeries on and robberies of bankers to a very great extent, and in our next chapter we propose to give a sample of them; but we cannot refrain from recording a robbery of a London banker of so extraordinary a character as we feel persuaded has no parallel in the annals of robberies. Certes, the thief had a conscience more sensitive than men of his craft are generally gifted with.

It appears that on Sunday, the 24th of November, 1844, the strong-room of the banking-house of Messrs. Rogers, Towgood, and Co. was opened, and property in bank notes, gold, and bills of exchange taken therefrom to the amount of nearly 50,000*l.* The notes of various denominations, of which there were thirty-six 1000*l.* notes, amounted to 43,405*l.* and the gold to 1,200*l.*; the rest consisted of bills of exchange.

On the day in question, one of the partners was in the house an invalid, and a clerk, whose duty it was to

remain on the premises during the day, was also in attendance; yet the above property was abstracted, and never missed till the following morning when the safe was opened.

A reward of 3,000*l.* was immediately offered for the recovery of the property, and so ran the offer: "Her most gracious Majesty's *pardon* will be granted to any one of the guilty parties who will give such evidence as will procure the conviction of the other offender or offenders;" and, although this offer, with a description of the notes stolen, which occupied three full pages in octavo, was published in almost every newspaper and periodical in the three kingdoms, and on the continent, no clue could be obtained of the robbers, yet, after a considerable lapse of time, and when the circumstance had been almost forgotten by every one but the losers of the property, the bank notes were returned in a parcel, directed to the bankers in an unknown hand, and of course without any comment.

It has seldom happened that the failure of bankers is attended with any criminality on the part of the banker by an abuse of confidence reposed in him, through fraud or forgery. That there have been cases of gross criminality by bankers, and such as have disgraced the class to which they belong, we freely admit; but, happily for society, such cases are of rare occurrence. We now propose to give two instances of such conduct on the part of bankers, ending, in one case, with the forfeiture of the life of the culprit at the hands of the public executioner, and the absconding of the other.

Mr. Henry Fauntleroy became a partner in the house of Marsh, Sibbald, and Co., bankers, of Berners-street, about the year 1807; and in 1814 he was appointed

one of three trustees to the estate of a family consisting of eight children. He very soon after forged the signatures of his co-trustees to a power of attorney for the sale of stock standing in their names in the Three per Cent. Consols. The first attempt being successful, it led to others; and it subsequently turned out that he had carried on the same system of fraud and forgery from his first becoming a partner until his detection.

The discovery took place from the circumstance of one of the trustees accidentally investigating the accounts at the Bank of England, which he had been induced to do in consequence of an order from the Court of Chancery that the whole of the property held in trust should, in the month of November, be paid over to the Accountant-General.

The trustee was panic-struck at the discovery that the whole of the stock, amounting to 30,000*l.*, had been sold out without his knowledge. He lost no time in communicating with the other trustee, and also with the partners in the banking-house, who expressed their surprise and great alarm at the discovery.

The trustee immediately proceeded to the police, and, on his deposition, a warrant was issued against Mr. Fauntleroy, which was placed in the hands of Plank the officer, who, on the following morning, succeeded in arresting Mr. Fauntleroy at the banking-house.

On the 30th of October, 1824, Henry Fauntleroy was arraigned at the Old Bailey for forging the name of Frances Young, and that of two witnesses, to a power of attorney for the sale of stock, which power of attorney was presented to the Bank, and the sale effected, by Fauntleroy as the attorney for Frances Young.

But the most extraordinary part of this case was, that on searching among his private papers, a document was found in his own hand-writing, whereby he admitted this and other forgeries, and adduced his rea-

sons for so doing. The paper contained the following list of forgeries:—

	£	
De la Place . .	11,150 . .	Three per Cent. Consols.
E. W. Young . .	5,000 . .	Ditto
General Young . .	6,000 . .	Ditto
Frances Young . .	5,000 . .	Ditto
Henry Kelly . .	6,000 . .	Ditto
Lady Nelson .	11,995 . .	Ditto
Earl of Ossory . .	7,000 . .	Four per Cents.
W. Bowen . .	9,400 . .	Ditto
J. W. Parkins . .	4,000 . .	Ditto

Other sums were also in the names of Mrs. Pelham, Lady Aboyne, and Henry and Elizabeth Fauntleroy. The statement of amounts was followed by this declaration:—

"In order to keep up the credit of our house, I have forged powers of attorney for the above sums and parties, and sold out to the amount here stated, and without the knowledge of my partners. I kept up the payments of the dividends, but made no entries of such payments in our books. The Bank first began to refuse to discount our acceptances, and to destroy the credit of our house. The Bank shall smart for it."

This document, coupled with the fact of the actual sale of the stock thus enumerated, was alone sufficient proof of his guilt; but other collateral evidence was submitted to the jury. In his defence Fauntleroy said that the embarrassments of the firm had been caused by building speculations carried over a number of years, that the only wealthy partner of the house died, and the withdrawal of his capital left the bank without any resources; and that another had overdrawn nearly 100,000*l*.

This defence—if defence it can be called—had no weight with the jury. He was immediately found guilty, and sentence of death passed upon him.

Great exertions were made to save his life, not only

by several humane and philanthropic individuals who totally disapproved of capital punishments, but also by his counsel, who re-argued his case, first before Mr. Baron Garrow at the Old Bailey, and afterwards before the twelve judges, when both decisions were against him.

The following is an account of the execution of Fauntleroy, abridged from one of the periodicals of the day:—*

The execution took place on 30th November, 1824, and at eight o'clock in the morning the crowd assembled was enormous. Not only did the multitude extend in one compact mass from Ludgate-hill to nearly the beginning of Smithfield; but Skinner-street, Newgate-street, Ludgate-hill—places from which it was impossible to catch a glimpse of the scaffold—were blocked up by persons who were prevented by the dense crowd before them from advancing further. Every window or house-roof which could command a view of the dreadful ceremony was likewise occupied. Without overrating the number of persons assembled, they might be estimated at nearly 100,000.

At a quarter before eight the sheriffs arrived at Newgate, and proceeded immediately to the prison. He bowed to them on perceiving they were present, but made no observation. The demeanour of the unhappy man was perfectly composed. His eyes continued closed, and no motion was visible in his countenance: and thus, accompanied by two clergymen, one taking each arm, the prisoner reached the foot of the steps leading to the scaffold. The moment he appeared the immense crowd maintained a dead silence, and took off their hats. In less than two minutes after the prisoner had ascended the scaffold everything was prepared for his execution. Mr. Cotton, the ordinary, now placed him-

* Annual Register, vol. lxvi. page 163.

self before the prisoner, and commenced reading the appointed service, and whilst repeating the words "Thou knowest, oh Lord, the secrets of our hearts," the trap-door fell, and with it all that was mortal of Henry Fauntleroy, the banker.

In the early part of December, 1828, some unfavourable reports got abroad respecting the credit of Messrs. Remington, Stephenson, and Co., bankers, of Lombard-street, and many customers in consequence removed their accounts. To counteract such rumours and allay all doubts, five of the principal bankers in London investigated the affairs of the bank, with the result of which they were so well satisfied, that each of them advanced 20,000*l.* on such securities as they found the bank to possess, made, further, a declaration of their entire conviction of the solvency of the house, and went so far as to induce many parties who had withdrawn their accounts to resume them.

This favourable aspect of affairs was however soon doomed to undergo a complete change. On Saturday, the 27th December, 1828, it was reported in the city that Mr. Rowland Stephenson, the active partner in the house, M.P. for Leominster, and treasurer of St. Bartholomew's Hospital and other public bodies, had absconded with a considerable sum of money and Exchequer bills belonging to the customers of the bank.

The whole city was panic-struck, and, from the high estimation in which Mr. Stephenson was held, the report could not be believed. The stoppage of the bank, however, about two o'clock in the day placed the question beyond all doubt; but it was some days before the full extent of Stephenson's defalcations became known.

The mode adopted by Stephenson to deceive his partners with respect to the various deposits of Exchequer bills was, by having sealed packets with the name

and address of the depositor, and amount of Exchequer bills endorsed thereon; so that the bankers who examined the state of affairs of the bank, concluding that the actual securities were inclosed in the envelopes, did not examine them further. Had they done so, they would have discovered that the Exchequer bills had all been abstracted, and slips of paper substituted.

A somewhat curious circumstance happened in connexion with Stephenson's flight. It became known to one of his sureties that he had left his home in St. Bartholomew's Hospital at four o'clock in the morning, and being fully impressed with an idea that something was wrong, the gentleman immediately waited upon Sir James Shaw, the president of the hospital, and stating his fears, urged Sir James to withdraw the balance from the bankers ere it was too late, and thereby preserve him from ruin. Sir James hesitated for some time, but at last drew a cheque for 5,000*l.*, which was presented and paid before the knowledge of Stephenson's flight had transpired. At two o'clock the house stopped, having a balance of only 800*l.* due to the hospital.

As is usually the case in similar circumstances, it came out that Stephenson had been a frequent visitor to the gambling table, and that he was also connected with several questionable theatrical characters. The money he lost through these channels was very great, and, as his means were not sufficient to enable him to meet such losses, he made use of the Exchequer bills, and other securities, placed in his hands for safety. The extent of his defalcations at the bank was 200,000*l.* besides abstracting Exchequer bills to the amount of 70,000*l.*; added to which, he had contracted debts to a very considerable amount.

A fiat in bankruptcy was issued out against the partners in the bank, and on the 10th of January, 1829, an

indictment was preferred against Rowland Stephenson at the Old Bailey, charging the bankrupt with embezzlement, and a warrant was issued for his apprehension, and that of his clerk Lloyd, with a reward of 1,000*l.* for the apprehension of the former, and 300*l.* for the capture of the latter.

On leaving the hospital, Stephenson called on a personal friend, named Welsh, of the Argyle-rooms, Regent-street, to whom he related the situation in which he was placed, and the necessity of his immediate flight. He was accompanied by Lloyd, who was his confidential clerk, and fully cognizant of all his proceedings. Welsh, at the earnest entreaty of Stephenson, left London with them. Their object was to embark on board of an American vessel on the coast of Wales. On arriving at Pill they engaged a pilot yacht for one month at two guineas a day. After seeing them on board the yacht, Welsh left them and returned to town.

After vainly cruising about in the hope of meeting one of the outward-bound American ships, Stephenson and his companion were landed at a place called Clovelly, on the coast, a place admirably adapted for concealment. On the Tuesday Stephenson hired a skiff, the Pill pilot having returned home, and again made several unsuccessful attempts to get on board a vessel. He was detained at Clovelly from the Tuesday till Friday. During the interval his liberality to the people at the inn, and also to the owner of the skiff, was the theme of general admiration; and, of course, a corresponding amount of attention was shown him.

On the Friday, when the post arrived, Stephenson eagerly seized the newspaper (they had only one weekly paper at Clovelly), and was for some time absorbed in reading it: and, although frequently asked for it, he would not yield it up. At last he called the landlady,

and said that, as the newspaper contained an interesting account of a particular friend of his, he should like to take the paper with him. The landlady urged the great disappointment the loss of the paper would be to her customers; but a large bribe offered for the paper settled the question—she could not deny so nice a gentleman anything.

When the landlady had retired, Stephenson put the newspaper into the fire; and when it was entirely burnt, he said to his companion, "Thank God! we are now safe. That paper contained a full description of both of us; and if any of the people here had seen it, all would have been lost." On that day they succeeded in getting on board of a vessel bound for Savannah, which place they reached on the 27th of February.

No event ever excited so painful a sensation in the city as the case of Rowland Stephenson: it seemed to dissolve the ties which bind men together in a business where honour is held almost universally as the governing power. The bankers felt it as a stain upon them, and exhibited a dejected and downcast appearance; and it was long before they recovered from the shock. It was worse than half a dozen failures.*

The London bankers, during the war, had discount accounts with the Bank of England, and many continued them after the peace: but first-rate bankers make it a rule to avoid discounting with the bank, their own resources being generally sufficient. But during the panic of 1825-6, it was observed that banking-houses of the highest character, houses which had hardly ever been known to apply to the Bank for discount, found it necessary to do so. The alternative of such bankers was, either to withhold assistance from the country bankers in their connexion, at the risk of

* See Times Newspaper, 10th January, 1829.

compelling them to suspend their payments, or to afford supplies by sending in bills for discount to the Bank. They preferred the latter, and supported many country bankers who but for this must have failed.

Independent of the discount accounts, nearly all the bankers have what they call drawing accounts at the bank, or, in other words, deposit accounts. The average weekly amounts of these deposits, according to a return of the assets and liabilities of the Bank of England, in 1840, was 730,075*l.* 9*s.* 5*d.*

The great importance of the banking system is clearly demonstrated by the amount of money belonging to the public held by the bankers in the United Kingdom, which amount is estimated at upwards of 100,000,000*l.*

The amount of money actually circulating through England, Scotland, and Ireland, including what is usually denominated paper money, is about 70,000,000*l.*: this sum corresponds with the amount of money put in circulation by the several bankers in the United Kingdom, being about two-thirds of their deposits; and assuming that 30,000,000*l.* of the above amount is in deposit with the Bank of England and the London bankers, who allow no interest on deposits, and assuming further that two-thirds of this sum are laid out at five per cent. interest, it follows that a profit equal to 1,000,000*l.* is annually made and shared among the metropolitan banks, and that the sum of 10,000,000*l.* is at all times lying in the coffers of the London banks unproductive either to the banks or the depositors.

The profits of London private bankers are derived from various sources, the principal being the interest realized by the use of the balances left in their hands, which they lend out in the shape of discounts or loans to those customers whose operations compel them to have recourse to their banker for assistance.

A considerable profit also accrues by acting as agents to country banks.

The agency business for country bankers is not, however, always the most desirable; because such bankers are frequently compelled to have recourse to their London correspondents for assistance, and generally at a time when the London bankers require all their resources themselves.

Some country banks pay the London banker a fixed annual sum for conducting their agency business; others allow a commission on the amount of the transactions during the year.

There are many country bankers who pay no commission, but who leave a sum of money in the hands of their London agents in the nature of a deposit, against which they are not permitted to draw. In a word, the sum, which varies from 4,000*l.* to 30,000*l.*, is altogether withdrawn from the general account of the country banker, and placed to another, called "The Deposit Account."

On all stock in the public or other funds purchased or sold by the banker for his customer he is allowed one-half of the commission charged by the broker.

There are several causes, however, at the present day which operate against the increase of the profits of the private bankers of London. The first, and indeed the most important, is the introduction of metropolitan joint stock banks; the second, the large amount of deposits in the savings bank, which is nearly equal to 30,000,000*l.*: these deposits, although for the most part the property of the industrious and frugal of the productive and poorer classes, belong also to the middle class of society; and before the introduction of savings banks such spare capital generally found its way into the hands of the bankers, with whom it was considered, though not a profitable, yet a safe investment.

The practice of transmitting money from one part of the kingdom to another through the agency of the post-office has also diminished the profits of bankers. This practice has of late increased to such an extent as to make it necessary to erect a separate building, having all the elements of a bank, near the post-office, for the purpose of exclusively conducting this description of business.

One of the causes of the success of the private bankers of London has undoubtedly arisen from the circumstance that the government has seldom or never interfered with their business, a fact which ought to be strongly impressed on the minds of those who fancy that legislation can be applied with profit to the arrangement of transactions with individuals. And we are consequently enabled to close our history of London bankers without reference to any legislative restraints whatever, as applicable to that important and highly respectable class of the community.

CHAPTER VII.

ON COUNTRY BANKING.

Mode adopted by Manufacturers in the Country previous to the introduction of Local Banks—First notice of the formation of Country Banks—James Wood of Gloucester—Origin of the house of Smith, Payne, and Smith—The rapid progress made by the Banks—Adam Smith and Harley earl of Oxford on Capital and Credit—Increase of Banks encouraged by London Bankers—Great difficulties of the Country Banks in 1793 and 1797—Inability of the Country Banks to procure gold to pay their notes—Alarming state of the Country—What constitutes a good Banker—Disgraceful state of the Copper Coin—Country Bankers' Notes first stamped—Unjust charge against the Banks—Comparison between the Manufacturing and Agricultural districts in England, in reference to the circulation of Bankers' Notes—Suppression of the Small Note circulation—Difficulties such Banks have to contend with—Attempt to make Country Bankers deposit the amount of their issues with the Government—Anecdotes of robberies of Bankers and their Clerks—Diabolical and successful attempt to ruin a Country Banker—Mode of adjusting payments in London by Country Bankers—Abstract of the Act limiting the amount of Bank issues—Remarks thereon—On Savings Banks.

WRITTEN contracts for the payment of money originally assumed the form of the bill or promissory note, payable to the person or persons named therein. It soon became obvious that these instruments would become more valuable if made transferable, either to order or bearer, and accordingly we have in the first the elements of the modern inland bill of exchange, improperly so called, and in the latter the bank note.

Both these instruments play so large a part in the business of a country banker, that he might not inaptly be styled a dealer in promissory notes payable on demand either to the bearer or to the indorser; and they may be said to have had their origin somewhat after the following manner. Manufacturers employing a great number of poor people were sometimes disappointed in raising the necessary supplies for their weekly wages;

they therefore hit upon the expedient of paying their workmen by a temporary species of paper money, payable some months after date. At first there was a difficulty in exchanging them with the shopkeepers; yet some few were found to take them, and consequently obtained the custom of all the workmen; which others perceiving, soon found it their interest to take them also; and, as the same were punctually paid when due, the confidence in them increased until the period of their circulation was lessened; and, at last, such was the credit obtained by the issuers, that their notes—as they were then called—were made payable on demand, and freely taken, not only by the workmen, but by the tradesmen themselves, who frequently found that description of circulation more convenient for paying distant creditors than even the precious metals.

No one would refuse to accept as money the promissory note or obligation of an individual of whose solvency no doubt could be entertained; and, inasmuch as value of some description must, it was presumed, have been originally given for such promissory note or obligation, it was obvious that, whilst it continued to circulate from hand to hand, it was a benefit to the public, whilst at the same time its continuance in circulation was a very great source of profit to the issuer.

The first notice that we find of the establishment of any regular country bank in England is in a letter from Newcastle-on-Tyne, in the month of August, 1755,* in which it is stated that "notes are issued from the bank established in this town by a company of gentlemen of character and fortune, which will be of infinite advantage to this place and county."

These notes were issued in advance to tradespeople, whose bills were discounted by the bank.

Some similar accommodation, through the medium

* *Vide* Newcastle Courant of the 23rd August, 1755.

of large shopkeepers, or of private individuals who exchanged cash for bills, had previously existed; and it is a reasonable conclusion, that without some such accommodation the internal trade and manufactures could never have been carried on.

Another source of supply was also formerly drawn from the collectors and receivers of the revenue, who were permitted to retain in their hands the money so collected for some time after its receipt; and, indeed, previous to the formation of banks, it was often—as we have shown—a matter of difficulty for the receivers of the revenue who resided in the more distant parts of England to find a secure mode of transmitting the public revenue to London.

These parties consequently discounted bills for their immediate friends; but, as they were confined to large towns, and only two in each county, and their receipts seldom being more than adequate to the demand for money where such collectors happened to reside, the rest of the county must have experienced considerable inconvenience in procuring cash for their bills.

The increase in the trade of the country must have augmented these difficulties, and necessitated the transition from a partial and dependent source of supply to more regular and extended accommodation, and have given permanency to such institutions as made it a business to provide it.

From these well-known facts it is demonstrable that, though banks for the express purpose of supplying the country traders with cash for their bills and other advances of money are of comparatively late date, yet less direct, though much less efficient, means have always been found absolutely necessary.

On the foundation of banks in the country, those traders who had previously maintained a direct correspondence with merchants in London in reference

to money transactions, now carried on such business with the metropolis through the medium of the banker in their own neighbourhood with whom they kept their cash.

On this account the country banker drew largely upon a London banker, who agreed to transact the extensive country business thus acquired at a much lower commission than what had formerly been paid by the several country traders to their separate correspondents: the rate of commission was reduced in consequence of the diminished trouble as well as risk; the labour of keeping accounts, writing letters, making remittances, receiving and paying bills, was now transferred to one house, which had before been divided among many; and a new security was thus afforded to the transactions between the metropolis and the country by the interposed credit of wealthy and respectable banks, the establishment of which tended to strengthen, as well as to enlarge, the basis of credit.

The origin of many of our country banks may be traced to very humble causes. It must not, however, be supposed that circumstances were alike in all cases; but a general idea of their nature may be obtained from the history of one or two of the earliest country banks.

In a history of Gloucester it is recorded that "Mr. Wood's is the oldest private bank, with the exception of Child's, in the kingdom, having been established by James Wood, Esq., the grandfather of the present proprietor, in the year 1716; and the present Mr. Wood, whose name is of so much celebrity as to be known in almost every part of Great Britain, is perhaps possessed of more wealth than any commoner in his Majesty's dominions."

What kind of a bank the grandfather kept, or how he conducted his business, we have not been able to trace; but the late proprietor of the "Old Gloucester Bank"

was such a well-known character as to require some special notice.

Mr. James Wood, the celebrated millionnaire and sole proprietor of the Old Gloucester Bank, was born at Gloucester in the year 1756, and in connexion with his bank he, to the day of his death,* kept a shop such as comes within the description of a chandler's shop, in which he sold almost everything, from a mouse-trap to a carriage; not that his premises were large enough to contain all the necessary stores in which he dealt, nor indeed was it requisite that they should do so; for his wealth was sufficiently well known to the various large manufacturers and traders, so that they were at all times ready to supply him with goods to any amount.

At one end of the shop the business of the "Old Gloucester Bank" was transacted; and the whole establishment was managed by Mr. James Wood, and (it is believed) *two* clerks or assistants. His habits were very penurious, and various anecdotes, illustrative of his miserly disposition, have since his death been widely circulated.

He was unmarried; entertained no company; visited no one; spent his whole time in his bank or shop, and his Sundays in a long walk in the country.

The death of such a character excites no emotions of regret, but, on the contrary, contempt is felt for a man so covetous and of a disposition so grasping. Like most misers, Wood left conflicting testamentary documents, which, since his death, have produced great and protracted litigation; and, as a consequence, a prolific source of profitable employment to the gentlemen of the long robe. James Wood's personal property was sworn under 900,000*l.*

We turn from the description of this shopkeeping banker to another of a different calibre.

* Mr. James Wood of Gloucester died 20th April, 1836.

In a borough town of importance in one of the north midland counties dwelt a respectable draper, possessing a good connexion with the farmers frequenting the market of the town. Although the name of Robin Hood had long lost its terrors, those of Turpin and Nevison filled all men's minds with fear—and with good reason; for they and their fraternity exercised their calling with such energy and success, that it was always a matter of doubt with travellers whether or not they should arrive in safety at the next inn, or their destination, whatever that might be. With the farmers above alluded to there were more than ordinary grounds of alarm: the town almost adjoining the scene of the far-famed exploits of Robin Hood and his merry men was admirably situated for a levy by their less romantic successors of extemporaneous taxes. To avoid as much as possible the losses thus arising, farmers, having full confidence in the honesty of the draper with whom they dealt, made him the depositary of their ready cash. Ready cash of his friends was, to our draper, as valuable as capital of his own, and buying for ready money was profitable; still money remained idle in his hands; and, by degrees, he extended accommodation to his neighbours.

Our draper now became famous for his extraordinary command of money, and his correspondence extended as far as Preston, in Lancashire. The profits thus arising seemed boundless, and the next step was taken by our adventurous shopkeeper: he allowed a small interest to his friends the depositors. The new business flourished to such an extent that it swallowed up the old one, and our draper at length became a *banker proper*, and no more a shopkeeper.

Such was the origin of the Smiths. First confined to the town of Nottingham, afterwards extended to Hull and Lincoln, the business of the firm required a London correspondent entirely in their interest, and

such they found in the late Mr. Payne. And thus was founded the well-known firm of Smith, Payne, and Smith, whose prosperous career it is not our business to follow.

The increase of banks throughout the country was actively encouraged by the private bankers of London, and indeed the existence of a great national bank like that of the Bank of England naturally assisted the creation of smaller establishments.

In all those places the trade of which has been sufficient to encourage a plurality of banks, it has been found that the competition has contributed to the public accommodation, there being in all large manufacturing and commercial towns rival firms, whose financial operations could not, with propriety, be entrusted to the same house.

"It is not by augmenting the capital of the country, but by rendering a great part of that capital more active and productive than it would otherwise be, that the most judicious operations of banking can increase the industry of the country. That part of his capital which a dealer is obliged to keep by him unemployed and in ready money, for answering occasional demands, is so much dead stock, which, so long as it remains in this situation, produces nothing either to him or to the country. The judicious operations of banking enable him to convert this dead stock into active and productive stock, into materials to work upon, into tools to work with, and into provisions and substance to work up into stock, which produces something both to himself and his country.

"The gold and silver money which circulates in any country, and by means of which the produce of its land and labour is annually circulated and distributed to the proper consumers, is, in the same manner as the ready money of the dealer, all dead stock: it is a very valu-

able part of the capital of the country which produces nothing to the country.

"The gold and silver money which circulates in any country may be compared to a highway, which, while it circulates and carries to market all the corn and grain of the country, produces itself not a single pile of either.

"Banking, by providing, if it may be allowed so violent a metaphor, a sort of waggon-way through the air, enables the country to convert, as it were, a great part of its highways into pastures and corn-fields, and thereby to increase very considerably the annual produce of its land and labour."*

The credit given to the circulation of country bankers' notes must owe its maintenance to the spontaneous confidence of the public; for credit is a consequence, not a cause; the effect of a substance, not a substance: 'tis the sunshine, not the sun; the quickening that gives life to trade gives being to the branches, and moisture to the root: it is the oil of the wheel, the marrow in the bones, the blood in the veins, and the spirit in the heart of all the negotiations of trade, cash, and commerce.

"Credit is produced and grows insensibly from the firm and upright dealing, punctual compliance, honourable performances of contracts and covenants; in short, it is the offspring of universal probity."†

The credit of a banker passes current through the medium of promissory notes, payable on demand, not only because the public think they can receive money for them when required, but because of the known reputation of the banker; and no one objects to receive such notes or to buy goods with them, fearing to have

* Smith's "Wealth of Nations."

† *Vide* "Essay on Credit," by Robert Harley, in the 13th vol. of Lord Somers's Collection of Tracts in the British Museum.

them returned, so long as the ability to pay remains undoubted.

The confidence in bankers' notes, from their first introduction to the year 1772, had received no material check; but at this period the failure of the Ayr Bank in Scotland, accompanied by others of great extent in Holland, caused such notes to be greatly depreciated; and, had not the Bank of England assisted those bankers whose solvency was unquestionable, the consequences both to public and private credit would have been very serious.

The next check to commercial credit arose from the failure of a circulation established between Lancashire and London, well known in the courts of law as the case of Gibson *v.* Johnson; but, although the amount was large, the circumstances arising out of the failure were so limited in their effects, that it did not produce any general convulsion in the money-market.

During the interval between the failure of the Ayr Bank and the distress of 1793, a very material change had taken place in regard to the general circulation. Banks had been established in almost every town throughout the country, and in the larger towns rival establishments were formed. These produced a most important and beneficial change to the country by increasing its circulation; but, as this was not founded on sound principles, it was liable to be affected by any sudden shock or panic given to public or private credit; and it not unfrequently happened that those country banks whose principals were men of large property could not stem the torrent of mistrust, which spread like a contagion, till its consequences were incalculable.

Thus, for instance, in the beginning of the years 1793 and 1797, the banks of Newcastle stopped payment, whilst those of Exeter and the West of England

stood their ground. The partners in the banks at Newcastle were far more opulent; but their private fortunes, being invested, could not be realized in time to answer a run on the banks. They allowed interest on their notes to commence some months after date, and then become payable on demand, by which means they had no time to prepare for their discharge. The banks in the West of England, on the contrary, very wisely issued notes payable twenty days after sight, with interest to commence from the date of the note, and to cease on the day of acceptance. This practice enabled the latter to communicate with their correspondents in London, in time to receive that degree of assistance in which they stood in need.

Another circumstance contributed very materially to produce the distress in 1793, which was the sudden and unexpected declaration of war. Such an event is usually preceded by some indication which enables the commercial and monied men to make preparations. On this occasion the short notice rendered any preparation impossible. The manufacturers in their distress applied to the country bankers for relief; but, as the want of money become general, and that want was increased gradually by an universal alarm, the country bankers required the payment of old debts, being utterly incapable of increasing them, which of course brought their own situation to the test.

We now come to a period in the history of banking marked by one of the most extraordinary circumstances that ever happened in this country, viz. the stoppage of the issue of specie in their customary payments by the Bank of England. This event we have fully detailed in another part of our work: we shall therefore confine ourselves to its effects on country banking.

On Monday, the 20th of February, 1797, the whole

of the bankers in Newcastle-on-Tyne suspended their issues of cash by agreement. They were impelled to that step by the following circumstances:

The preceding Saturday being market day, the farmers, actuated by an apprehension of an immediate invasion, sent into Newcastle the produce of their farms, which they sold at very low prices, and immediately resorted to the different banks to convert the notes they had collected into specie. This drain of gold not subsiding on the Monday, and the banks, conceiving it to be their duty to retain a sufficient proportion of cash to pay for their issues to the army, colliers, and manufacturers, took the step above-mentioned, and, owing to the impossibility of procuring specie from the Bank of England, even this partial payment was suppressed.

The following notice was extensively circulated through the whole district:—

"Newcastle, 20th February, 1797.

"As the very great demand for gold, which has continued for some time to be pressed upon the banks in this town, makes it necessary that an extraordinary quantity of specie should be brought into the country,

"Messrs. Ridley, Waddington, and Co.

"Messrs. Surtees, Purdoe, and Co., and

"Ralph John Lambton, Bulman, and Co.,

respectfully inform the public that they intend to take immediate measures for that purpose; and they earnestly hope that any further call upon them for gold will be suspended in the mean time, till they can obtain the supply adequate to the occasion."

A meeting of the wholesale traders of the town was held, at which resolutions were passed declaratory of the unabated confidence in the banks of Newcastle. Similar demonstrations of confidence in the stability of many other banks were also made.

In the meanwhile, the alarm in the country continued to increase; confidence in many of the banks vanished; every creditor was clamorous for payment, which he insisted should be in gold, and which was complied with until the bankers in London were exhausted.

At first the Bank of England accommodated themselves to circumstances, and furnished large supplies; but unfortunately the Bank Directors caught the plague or panic; their nerves could not support the daily and constant demand for gold, and in order to check that demand they curtailed their discounts to an amount never before attempted. This determination on the part of the Bank, and the extent to which it was carried, came like an electric shock, placed every part of the community in the most imminent danger, and finally ended in the suspension of all payments in cash.

The suspension of cash payments by the Bank of England, and the consequent issue of one and two pound notes, compelled the country bankers to avail themselves of a power voluntarily assigned to them; and by converting their credit into an artificial capital they almost unconsciously became the authors of great distress to the community. The temptation presented to the established country banks to substitute their own paper currency for specie, and to supply farmers, shopkeepers, and manufacturers with their local notes at a profit, was under such circumstances too strong to be resisted.

At the period when the restriction on cash payments by the Bank of England took place, it is calculated that there were about 280 country banks in existence; but, as at that time they were not compelled, as at present, to take out licences, their number cannot be accurately stated, but there can be no doubt they rapidly increased from 1797 to the year 1813, by which time they

numbered upwards of 900. It is too much the fashion to exaggerate the amount of misery brought on the community by the failure of country bankers; for it does not appear that such failures, or the losses caused thereby, have been to so great an extent as in other branches of commerce. In the Appendix to the Report from the Select Committee of the House of Commons on Banks in the year 1841 may be found a separate statement of the number of bankrupts in twelve manufacturing counties and in twenty-nine agricultural counties; and the effects of the issues of country notes on the general trade of the several districts where those notes circulate. In the twelve counties in England distinguished for commerce and manufactures, making use principally of Bank of England notes and bills of exchange, there were from 1834 to 1841, both inclusive, 5,953 bankrupts in a population of 6,944,032; and in the twenty-nine counties of England and the whole of North Wales, distinguished for agriculture and mining, there were in the same period 1,860 bankrupts in a population of 6,952,209.

This view, however, limited as it is, merely indicates the source of truth; it does not fully and completely develope it. Every one of ordinary commercial knowledge is aware that the debts owing by bankrupts in manufacturing districts amount to three or four times the amount of debts owing by bankrupts in agricultural and mining districts. A perfect analysis of the number and amount of debts would probably show a proportion of more than ten to one in favour of country issues and against issues of Bank of England notes and bills of exchange, so far as the fact of bankruptcy gives evidence of the effects produced by various different issues on the condition of the people.

Bankers possess, from their peculiar position, very superior means of distinguishing the careful from the

improvident trader; indeed, it is considered as a regular branch of their professional experience that they should appreciate the credit of the various traders within the district of their circulation; and this sort of practical sagacity they cultivate with great assiduity. It is the general practice of bankers to communicate, confidentially, with each other, touching the credit of any individual. While the transactions of country traders are thus surveyed by the banks of their respective districts, those of the country banks themselves are subject to the review of the London bankers, their correspondents, and these again are in some degree controlled by the Bank of England, which restricts, according to its discretion, the credit with which the bankers are accommodated.

A series of checks thus maintained—though far from establishing a complete security against all injurious speculations—presents a powerful obstacle to its progress. The system of country banking, as practised by men who know their business, is directly opposed to speculations: the country banker feels—or ought to feel—that it is his interest to discourage and prevent it by every means in his power.

A banker, in his character as trustee for others, should be at all times a man of decision, and have a general knowledge of the respectability and responsibility of the mercantile community, especially of his own neighbourhood.

The science of banking is not intuitive: there is no golden road to it. A man may be rich and powerful in his neighbourhood, and looked up to as a man of wealth; but, as the taking care of his own estate is not banking, his character as a banker only commences when he has to take care of, and judiciously employ, the monies of other people entrusted to him.

It is by neglecting to watch narrowly the operations

of commercial men, that bankers are too often instrumental in causing not only the failure of their customers, but of themselves also. To avoid as much as possible this state of things, a banker should, at the proper time, be able to negative the applications made to him for assistance, and on no account to allow feelings of a personal nature to get the better of his judgment.

Most bankers in the country carry on their business of borrowing or receiving money at interest, as well as lending upon securities, and they thereby form a connecting link in the chain between the operative and inoperative classes: they become the debtors of the capitalists and the creditors of the producers or distributors of revenue, and thus afford a ready medium of adjustment between the interests of these two great divisions of society. It is therefore the chief object of his study, and his constant desire, as we have stated elsewhere, to search out and to make choice of the most secure, as well as the most profitable employment of the capital which is thus placed under his charge, and for the safety of which he is responsible.

Those banks which issue notes are enabled to afford great convenience to persons paying or receiving their rent; and are generally of great advantage to the neighbourhood by rendering them occasional accommodation. This could not be done to anything like the extent to which it is now carried on in the absence of such a circulation.

The disgraceful state of the copper coinage of England about the year 1786 induced several of the country bankers and private traders to issue what was usually designated "provincial halfpence;" these, in some districts, totally supplied the place of the coin of the realm.

They were for the most part very well executed, especially those struck at Birmingham. They generally

represented some remarkable event or public building in connexion with the town from whence they were issued. The Canterbury halfpenny had the Cathedral, and the York the noble Minster; the Leeds token had the Cloth Hall, &c.

Striking emblems of that spirit of industry and commerce which peculiarly characterises the English were displayed on these coins; one payable at Ipswich had "May God preserve the plough, and sail." At Newcastle the penny bore the following on one side, "One penny token, for public accommodation;" on the reverse, a bale of cotton surrounded by a wreath, with this inscription, "Payable at the Cotton Works, Newcastle, one-pound note for 240 tokens 1813." A weaver is at work upon a Haverhill coin; reverse, a plough and shuttle. Ships in full sail adorned the coins, and were meet insignia of the trade, of Liverpool, Yarmouth, Portsea, and the Cinque Ports.

Illustrious characters and men remarkable in British history had their effigies transmitted to distant climes upon common currency, which perhaps conveyed the "charge of fame" better than expensive medallions: they however partially disappeared when the new copper coinage of 1799 was issued by government; and by the 57th George III. cap. 3, "the issuing and circulating of pieces of copper money, or other metal usually called tokens," was prohibited; and they were entirely withdrawn.

A considerable revenue having been raised by a stamp duty on bills of exchange and promissory notes, it would naturally occur to the government that the promissory notes of a country banker, payable on demand, might fairly be subjected to a duty, as well as the promissory note of a merchant or other individual. Accordingly, about the year 1791, a duty was imposed on the issues of country banks. The promissory note of an individual once paid may be said to have per-

formed its office; but it is not so with the promissory note of a country banker. When this is brought in and paid it is re-issued, and becomes in fact a new promissory note to a new holder. When the attention of the government was called to this subject, it was suggested that notes thus re-issued ought in equity to be re-stamped; but it was soon obvious that to subject each note to a fresh duty would not, from the nature of banking business, be possible; the government therefore passed an Act in 1804 limiting the re-issuing of all country notes to three years from that date.

The country bankers, even those of the very highest respectability, could not always prevent the accidental re-issue of the notes after the legal period; and persons who would have shrunk from the contemplation of a fraud on the revenue found themselves, in consequence of the oversight of a clerk, the objects of a prosecution, and subject to a very high penalty. Various informations were from time to time exhibited against different banking-houses, and fines to a large amount were recovered.

The bankers at length submitted to such an increase of duty as might be considered equivalent to the advantages arising to the revenue from the period to which the re-issuing of notes was restricted. In the year 1815 the duties upon country bank notes were increased,*

* The following scale of duties in 1797 and 1815 will serve to show the great increase of duty on promissory notes between these periods:—

1797.	Duty.	1815.	Duty.
£	£ d.	£ s.	£ s. d.
2 not exceeding	30 . 2	Not exceeding	1 1 . 0 5
30 not exceeding	50 . 3	1 1 not exceeding	2 2 . 0 10
50 not exceeding	100 . 4	2 2 not exceeding	5 5 . 1 3
100 not exceeding	200 . 6	5 5 not exceeding	10 0 . 1 9
200 and upwards	. . 8	10 0 not exceeding	20 0 . 2 0
		20 0 not exceeding	30 0 . 3 0
		30 0 not exceeding	50 0 . 5 0
		50 0 not exceeding	100 0 . 8 6

and all notes bearing date after that year were allowed to be re-issued as long as the parties thought fit.*

Besides the stamp duties payable on notes, each individual or company issuing notes must take out a licence renewable annually, the cost of which is 30*l.* This licence specifies the names and places of abode of the body corporate, person or persons, in the firm to whom it is granted, the name of such firm, the place where the business is carried on, &c., and a separate licence must be taken out for every town or place where any notes shall be issued by or on account of any banker. Unless the licence granted to persons in partnership set forth the names and places of abode of all persons concerned in the partnership, whether their names appear on the notes issued by them or not, such licence shall be absolutely void (55 George III. c. 144).

The 9th George IV. cap. 23, authorised English bankers, not in the city of London, or within three miles thereof, to issue promissory notes, and to draw and issue bills of exchange, on unstamped paper, for any sum of 5*l.* or upwards, expressed to be payable to the bearer on demand or to order, at any period not exceeding twenty-one days after date, upon obtaining licences costing 30*l.*; provided such bills of exchange be drawn upon bankers in London, Westminster, or Southwark, or provided such bills be drawn by any banker or bankers at the place where he or they shall be licensed to issue unstamped notes and bills upon himself or themselves, or his or their co-partner or co-partners, payable at any other place where such banker or bankers shall be licensed to issue such notes and bills. Bankers having such licences are to give security by bond that they will keep a true account of all promissory notes and bills so issued, and account for the

* *Vide* Report of the House of Commons in 1819, on the Bank Restriction Act, page 407.

duties on them at the rate of 3*s.* 6*d.* for every 100*l.*, and also for the fractional parts of 100*l.*, of the average amount of such notes and bills in circulation.

Persons post-dating unstamped notes or bills shall for every such offence forfeit the sum of 100*l.*

The Act of the 3rd and 4th of Will. IV. c. 83, directs that all persons or associations carrying on banking business, and issuing promissory notes payable on demand, shall keep weekly accounts of their issues, and shall within a month of each of the quarters ending with the 1st of April, 1st of July, 1st of October, and 1st of January, make up from the weekly accounts an average account, verified on oath, of their issues during the preceding quarter, which shall be transmitted to the Stamp Office in London. The penalty for neglecting or refusing to make and transmit such account, 500*l.* on the corporation, company, person or persons, issuing the notes, and 100*l.* on the secretary so offending. The wilful sending a false return to be punished as perjury.

Previous to the year 1774, there was no legislative restriction to the issue of small notes, which were circulated freely in various parts of the country, but more especially in the northern counties. In the 15th George III. an Act was passed, "to restrain the negotiation of promissory notes and inland bills of exchange for any sum less than twenty shillings;" and in the 17th of the same reign, another Act was passed "for further restraining the negotiation of promissory notes and inland bills of exchange for any sum less than five pounds;" which Acts were in the 27th of the same reign made perpetual.

By the 37th of the same reign the said last recited Act, so far as the same related to the making void of promissory notes, drafts, or undertakings in writing payable on demand to the bearer thereof, for any sum less than the sum of five pounds in the whole, was suspended

until the 1st day of May then next ensuing, which suspension was by several subsequent Acts continued until two years after the expiration of the Bank Restriction Act; and on the 22nd of July, 1822, the regulations as to the issuing of notes under the value of five pounds were further continued until the 5th of January, 1833.

Such was the state of the law as it regarded the issue by country banks of one-pound notes, which were issued by them in their respective districts, as the trade of those districts required, keeping in mind the period when, according to the Act of Parliament, they were to be no longer negociated.

But in February, 1826, the ministers of the Crown announced it to be their intention to shorten the period for issuing one-pound notes, from 1833 to 1829. Those country bankers who had not a sufficient quantity of stamps by them to keep up their issues until 1829, applied to the Stamp Office for a needful supply; but to their astonishment they were informed that, by an official letter addressed to the Commissioners of Stamps, they were forbidden to issue any stamps for one-pound notes to any country banker whatever. This step was not only in direct violation of the law, but was a breach of faith on the part of the government.

At this period, which was immediately after the great panic, country banks possessed of the most ample funds in Bank of England notes applied, through their London agents, to the Bank for gold in exchange for them, and were informed that the Directors had not gold enough to take them up. At this time, be it remembered, Bank of England notes, though freely circulating throughout the country, *were not a legal tender*.* The country bankers therefore exercised the greatest forbearance towards the Bank of England in

* Bank notes were first made a legal tender by 3 and 4 William IV. cap. 93.

taking their notes instead of gold, which they were entitled to demand, because the law required the Bank Directors, in common with all other issuers of paper money, to pay all their notes in gold.

The general utility of provincial banks of issue is reduced to this simple proposition—whether from past experience the country in the enlarged state of its commerce could be sufficiently provided with bills and discounts without their assistance. It is now generally admitted that government would have acted wisely had they only regulated the small-note circulation of England, instead of prohibiting it altogether.

The government broadly charged the English bankers with causing the panic; but it is now evident the bankers had only their share in bringing to a crisis that period of false prosperity. Almost all persons in business, merchants as well as bankers, overtraded at that time, and it is unjust to charge upon one class of the community exclusively what really belongs in part to every class, not excepting the government itself.

The consequences of sudden panics in the mercantile world cannot be measured: they baffle all ordinary calculations. At such periods, the means of a banker being diminished, he must of necessity contract the amount of his accommodation; for, those who lent him money having withdrawn their cash balances, the persons to whom he had been accustomed to lend it can no longer have it.*

Hence the minds of such bankers must at all times be subject to more or less anxiety, and their proceedings in consequence be timid and fluctuating. Their personal alarms cause them in times of difficulty to abridge or withhold that accommodation which they had been in the habit of affording to their customers; and this not only ruins the credit of the traders who

* Huskisson on Depreciation.

were led to speculate upon the expectation that the assistance would be continued, but augments and prolongs the public distrust.

Many of the evils arising from the old system of country banking are fairly chargeable upon the government, who invariably refused to allow the adoption of a sounder system through the instrumentality of extended partnerships.

Besides which, the government itself existed upon credit. Its expensive wars compelled it to issue millions of promissory notes called Exchequer bills, which, instead of paying at maturity, they funded; thus creating places and appointments for a legion of commissioners, comptrollers, inspectors, receivers, accomptants, &c. with their assistants, deputies, clerks, &c.

There was this difference, however, between a government bill and a banker's note: the one had to perform his promise by paying the money, whilst the government for upwards of a century has gone on borrowing and increasing its debt, until the amount has almost reached that point when (like the pedlar who day after day added another and another pound to his ass's load, and at last broke his back) the country may sink under it.

The following is a remarkable instance of the good effects of a judicious issue of paper money, the free circulation of which no hobgoblins like panics were permitted to check.

In or about the year 1821, the authorities of Guernsey determined to build a new meat market, at the cost of 4,000*l.*; but, as they had not got the money, and were averse to borrowing it at a high rate of interest, they determined to issue 4,000 one-pound notes bearing no interest. The contractor, at dates agreed upon, received these note in payment of his claim. With them he paid wages and what he owed for materials

used in the construction of the building; and, as these notes were sanctioned by a vote of the states who constituted the Parliament of the island, they obtained free circulation.

When the market was completed it consisted of eighty shops, which shops were let at a rental of 5*l.* per annum each, thus yielding an annual revenue of 400*l.*

At the expiration of the first year, notice was given to all persons holding market-notes numbered from one to four hundred, both inclusive, to bring them before the president of the states and the committee of the meat market. Then, with the 400*l.* received from the butchers for the first year's rent, the first batch of notes was cancelled, the notes being burnt in the presence of the president and the committee.

Thus, in ten years, all the notes so issued were cancelled, and the authorities of the island were left in possession of the building and rental in perpetuity, without its having cost one shilling to any individual. Such is the power of credit, presenting as it does the most economical means of calling into action the resources and energies of a people by giving immediate and full employment to labour, the source of all wealth.

In the year 1818, the then Chancellor of the Exchequer proposed to Parliament that country bankers should make special deposits in the Bank of England for their small-note circulation. This proposition encountered very considerable opposition, and was viewed in the light of a star-chamber proceeding; or, as the bankers expressed themselves, "it was a dangerous precedent, capable of being urged as a vindication of future measures to an indefinite extent, and calculated to overturn the whole system of individual responsibility and free commerce." The attempt was ultimately abandoned by the minister; but the impression which was abroad, "that government had seen good reason for calling for such

special security," soon proved itself, in the diminution of the business of country bankers, their circulation, and deposits.

Should Parliament at any future time decide on requiring country bankers to give security for their issues, we apprehend it will be no easy task to fix of what description of property the security should consist. Many persons argue, that all bankers who issue notes should be required to deposit funded property, others landed property, &c.: both these are open to objections, and more particularly the first; for, supposing a banker who is possessed of 50,000*l.* in the Three per Cent. Consols is desirous of giving the proposed security, and tenders the stock as such security, for what portion of the 50,000*l.* would he be permitted to issue notes? If for less than the amount the stock would fetch on the day he makes the application, it would be manifest injustice to require of him a deposit more valuable than the consideration given for that deposit; and if for the full amount, then, in that case, the public might still be losers; for, the price of his stock being dependent upon so many contingent circumstances over which he has no control, it might, in the event of his insolvency, be, by some political convulsion, in a few years reduced to one-half its original cost; for what has been may be again. In the latter case, there would be only ten shillings in the pound in the hands of government to pay the notes of the insolvent banker.

The security of land, though not subject to the same convulsions as the stocks, is, to some extent, objectionable; for investing money in landed property of any kind is considered an illegitimate mode of banking, and is never had recourse to by any one who knows his business; therefore it would be difficult to find many bankers possessed of landed property, in their own right, sufficient to cover their issues. Yet, with all

these disadvantages, land is unquestionably the solid foundation of all security, and, in one sense, unchangeable, for it can never increase or diminish in quantity; yet those who boast of the extent of their land without taking into consideration the number of people to be employed in cultivating it, have the shadow without the substance, for *nil sine labore.*

The considerations alleged by the friends of the country bankers for the re-issue of small notes may be condensed as follows:—

1. Notes of one and two pounds are currency for petty payments or purchases, not for speculation in buying or selling.

2. There was no speculation of consequence in corn or other agricultural produce during 1824 and 1825: they were almost the only articles exempt from the mania of the day.

3. Country bankers cannot, as the Governor of the Bank informed the Parliamentary Committee of 1832, maintain a larger issue of notes than the requirements of their districts; they issue only on demand, and the extent of the demand depends on the prices current in their neighbourhood at the time.

4. Excitement and speculation may be carried to a great extent in countries devoid of small notes, and even, in some measure, of bank paper. Witness the case of France in 1830. At that time credit was so extended, and bill transactions had been so multiplied, in France, that the reaction in trade consequent on the troubles in Paris and Brussels was most serious, and of very long duration, hardly inferior to that in England in 1826.

These, and numerous other considerations, were not of sufficient force to induce the government to alter its determination, and the result has proved that a much

less number of country bankers failed when the small-note circulation was stopped than was expected.

During the period when one-pound notes were in circulation throughout the country, there was a regularly organized gang of London thieves, who directed their especial attention to the robbery of bankers' parcels. They had their secret agents in all directions, especially lurking about banking-houses, watching the proceedings of the clerks and porters. Their exploits were sometimes of a very singular character; a few of which we will now proceed to relate.

When the amount of country notes paid by the London agent had accumulated to an extent so as to require their being returned into the country for re-issuing, it was customary to send them by some friend of the banker leaving London, or, what was no uncommnon thing, by the banker himself, who would come to town expressly for that purpose. On one of these occasions, a country banker had obtained from his London agent a large parcel of his notes, amounting to several thousand pounds, and, having taken two inside places in the mail, as a precautionary measure, and as a further security deposited his parcel in the seat, to which there was a lock and key, and having locked the same, he naturally considered all was safe. Two very agreeable and gentlemanly men got into the mail, and were fellow-travellers with the banker. On the coach arriving at the town where the passengers usually supped, the two gentlemen got out and invited the banker to do the same, which, however, he declined. They had not been in the house more than a few minutes, when one of them returned to the coach, and in rather a hurried, yet pressing manner, said, "You had better come to supper, Sir; there is a fine roast fowl just from the spit, and if you do not come directly, it will be all gone. It

is a cold night," he added, "and a supper like the one now on the table will be quite refreshing." Our friend the banker could not resist the touching appeal to the roast fowl, so he accompanied his polite fellow-traveller into the supper-room, thinking no doubt that, as he had got the key of the seat, all was right. They all three partook of the supper; and on resuming their seats only one of the gentlemen returned to the coach. On the banker noticing this, and observing, "I thought he said he was going all the way with you." "Yes; so he was, but has altered his mind," was the only reply the banker obtained. At the next stage this gentleman also left, wishing the banker a pleasant ride.

On the banker being left alone in the coach, he began to make reflections as to his late companions; but from their very gentlemanly demeanour no suspicion ever crossed his mind that they were a part of the London gang who had been ordered, at a moment's notice, to go by the mail to assist in an indirect manner to rob him; and not until he had arrived at his journey's end did he discover, to his utter amazement, that the lid of the seat had been forced, and the parcel of notes abstracted.

It appears that the movements of the banker, while in London, were strictly watched by one of the gang; and, on ascertaining at the hotel when and how the banker proposed to leave town, two individuals having the manners and address of gentlemen were selected to accompany him to lull suspicion, whilst others of the gang were, during supper, engaged in abstracting the parcel. The result was a compromise between the thieves and the banker; and the manner in which these affairs usually "came off" would, in these days of improved police, be hardly credited. The parties robbed usually received a letter from a solicitor—for the gang had a professional adviser specially retained by them—

informing them that a client of his had instructed him to write, and in the case before us to say, that, if Mr. —— was willing to give one thousand pounds, the parcel of notes stolen from him would be returned intact. If the money terms were agreed on, then the *modus operandi* was arranged, and this was effected somewhat after the following manner. The banker was desired to be at a certain house at a certain time *alone*, and to ask no questions; and should any one accompany him the door would not be opened. On his entering he was ushered into a room with a partition in the middle, having two apertures; in the one he was desired by a voice from behind to place his one thousand pounds—but usually guineas, to prevent any trace —and the parcel would come out at the other; which pantomime having both in the spirit and letter of instructions been performed, the banker would retire with his parcel of notes, the amount of which was invariably found correct, and the thieves would betake themselves whither they listed to share the spoil.

On another occasion, the thieves succeeded in abstracting a banker's parcel in the following ingenious manner: A country banker, who had the charge of a large amount of notes made up in a brown paper parcel, was one evening about to step into a hackney coach (cabs were not then in fashion). The porter at the inn had placed his luggage in the coach, together with the brown-paper parcel containing his bank notes, and just as he was stepping into the coach he was accosted by a well-dressed and gentlemanly-looking man as follows: "I beg your pardon, Sir, but is not your name Mr. ———— of ————?" The banker replied in the affirmative. "Allow me, Sir," said the stranger, in the politest manner possible, "to ask after my old friend Mr. Walker of your town, who has been for some time laid up." The banker, not suspecting the least trick,

replied, "I am glad to inform you, Sir, that your friend Mr. Walker, whom I have the pleasure of knowing intimately, is getting on very well, and the doctor has pronounced him to be out of danger; who shall I say inquired after him?" The stranger gave him his card, and, touching his hat, at the same time thanking him for his information, wished him a pleasant journey, and walked leisurely away. Whilst this conversation was going on the coachman, who stood at first with the coach-door open, shut it, and on the stranger retiring opened it to admit the banker; but to his utter astonishment the parcel of notes, which but a minute before he had seen placed in the coach, was gone. It appears that while the banker was held in conversation by the well-dressed man on one side of the coach, the other door was quietly opened by his companion, who had sufficient time to seize the parcel and be beyond the reach of pursuit. The well-dressed stranger was easily overtaken, and brought back, and taken before a magistrate; but, although it was in evidence that he was one of the swell-mob, no charge could be substantiated against him. This robbery was also compromised in the usual manner.*

In Lancashire it has been almost an universal custom for many years past to use Bank of England notes instead

* The following is a description of one of these gentlemen, as furnished by one of the journals of the day:—

"John —— is a man possessing considerable talent and ingenuity, which have enabled him for many years to commit offences without detection; and, indeed, so discreetly has he uniformly conducted himself, that those most intimate with him never suspected from whence he derived his pecuniary resources. These were only known to his employers, who were too deeply interested in keeping the secret ever to disclose it to the world. In addition to the address and appearance of a gentleman, —— is acquainted with the genealogy of most families of distinction, their residences, estates, &c.; and, being capable of conversing with ease and elegance on most topics, can readily impose himself on any company as a man of consequence."

of country notes, so that there are few banks of issue in that county. A banker at Liverpool, during the period when the one and two pound notes were in circulation, was in the habit of collecting all such notes as were too dirty and torn to circulate; but he would only give 19*l.* 10*s.* for 20*l.* notes, and when much defaced even less than that. He usually collected about 1,000*l.* per week, and sent up to London every fortnight a box containing about 2,000*l.*; and in order to save the postage, which in those days was a considerable item in a banker's expenditure, and at the same time to deceive the fraternity of London thieves, he was in the habit of directing the box to a chemist in Plough-court, Lombard-street; and, as a further deception, in addition to the address, the words "Spanish juice" were written on the lid of the box in legible characters.

He always advised his London correspondent whenever he sent such a box; and the chemist to whom it was addressed was aware of its contents, and for whom it was intended, and therefore without hesitation handed it over to the banker's clerk who invariably called for it.

One Monday morning, however, the box certainly arrived, but on opening it, instead of the usual quantity of Bank notes being found enclosed, it contained nothing but shavings. On inquiry, it turned out that the box arrived safe at the inn in London on the Sunday night, and was as usual placed together with other parcels by the same conveyance in a room which was ostensibly guarded by a watchman. It was supposed that during the temporary absence of this vigilant functionary some one got into the room and abstracted the contents of the box, and substituted the shavings found therein.

The banker on this occasion never recovered any portion of the lost notes, and when his loss became known the usual consequences followed: viz., a run upon him,

against which he struggled for some time, but at last suspended his payments. A few years afterwards the mode adopted by the thieves on this occasion was discovered by a man who, having been sentenced to transportation for housebreaking, confessed the manner in which the robbery was effected. It turned out, as was suspected, that one of the myrmidons of the gang, whose business it was to perambulate Lombard-street daily, reported to his principals that he had observed on several occasions, but always on a Monday morning, that a clerk from a certain banking-house went over to the chemist and returned with a box. To trace this box was no difficult manner; hence the abstraction of its contents with, as he asserted, the connivance of the watchman; but this discovery was but a poor satisfaction for the banker, whose ruin as we have before stated was the consequence.

In the latter end of the year 1825, and during the panic, a clerk was dispatched from a house in Lombard-street with 10,000*l.* in one-pound Bank of England notes for the relief of a country banker in the county of Norfolk.

The clerk travelled by the mail coach, and took the notes made up into a parcel in a blue bag. On leaving London there was no other passenger in the coach, and he began to congratulate himself on his good fortune in being alone with so large* and valuable a parcel.

His joy on this account was however of short duration, for on the coach arriving at Stratford two men muffled up in great coats got into the coach. On their entering, the clerk took the parcel, which he had previously deposited on the seat, and placed it on his lap. This movement was observed by the men, who soon began

* One million of one-pound notes would, if placed one upon another, reach about 100 feet higher than the Monument, which is 220 feet in height.

to whisper to each other. The clerk did not like either their appearance or their manner; but in order to show that he had no fear of them he pretended to be merry, by humming several tunes.

At last one of the men, addressing the clerk, said, "You are very fond of singing, I find; but why don't you put your parcel on the seat? there is room enough. It must surely be very valuable, or you would not hug it in the way you do."

This advice was, however, declined by the clerk, who said he experienced no inconvenience; but, although he felt no inconvenience from the weight of the parcel, the horrible thought came across his mind that the two men were thieves, and that they intended to strangle him, and then seize on his parcel; and he was confirmed in his opinion by the tenor of the remarks interchanged between them, the whole of which were directed to him and his parcel; and, although carried on in an under-tone, his ear caught the following words of one of them, in reply to an observation of the other, "Not yet; wait till we get out of Braintree."

On arriving at that place, the clerk felt that he could proceed no further in such company: he therefore on their stopping to change horses jumped out of the coach, and took the guard aside, requesting he would take him to the banker in the town. This the guard said he could not do; but, on perceiving the excitement and agitation of the clerk, and understanding that the parcel he carried was of considerable value, he consented to accompany him to the banker, who he found had retired to bed; but he soon made his appearance by opening the door, when the clerk flung the parcel into his arms, exclaiming, "Thank God, it is safe!" and immediately fell at his feet in a fainting fit.

This singular scene took the banker quite by surprise. He had no means of unravelling it: the guard

of the mail had left the town, and the only party who could throw any light upon it lay at his feet in a swoon. However, he soon procured aid, and with some restoratives the dormant faculties of the clerk were reanimated, when he explained to the banker the cause of his sudden and unexpected appearance.

The banker locked up the parcel, and, having made up a bed for the clerk, he was able, by nine o'clock in the morning, to proceed by post-chaise to his destination, accompanied by the banker as an escort.

On subsequent inquiries being made of the guard of the mail, it appeared that the two men, whose appearance had also excited his suspicions, were entirely unknown in that part of the country; and, although their places were booked in London by another party for the whole distance, they both left the coach about three miles from Braintree, not stopping at any house, or even a village. On alighting they swore dreadfully at the guard, and walked away: it was then about one o'clock in the morning.

The following attempt to ruin a country banker, by compelling him to stop payment, was actually put into practice some years ago. It is marked by such diabolical wickedness that, although the principal actor has been removed by death, it should be recorded, if only to show to what a pitch the spirit of revenge will impel a human being.

On the establishment of the ——— Fire Insurance Company, its founder was appointed manager; and after the concern had been a few years in existence the conduct of this person was such as to call forth some severe remarks from the directors, and especially the chairman, who was a banker in the town of ———; in short, to such an extent had his misconduct been carried, that it became absolutely necessary, in order to protect the interests of the body of shareholders,

that he should be requested to resign, or he would be dismissed. The duty of conveying the decision of the board devolved upon the chairman, who, in conclusion, told him that on a given day he would call at the office and receive from Mr. B——, the manager, the books securities, and monies, belonging to the Company then in his possession.

Accordingly, on the day appointed, the chairman with two directors called at the office, where they found Mr. B—— and his son, a young man, with a brace of pistols, sitting on a box which contained the securities, &c. belonging to the company. The young man was ordered by the father to shoot the first person that molested or attempted to move him from his seat. This hostile reception, so unlooked for and unusual, astonished the chairman and directors, who accordingly retired to decide upon what steps it would, under these extraordinary circumstances, be desirable to take. On their leaving the premises, the manager called in twelve men, and told them he wanted them to walk in procession to Messrs. ———, the bankers, and he would march at their head.

It is necessary here to state, that with the funds belonging to the company in the hands of the manager he had, since the day he received notice of the termination of his appointment, been engaged in exchanging such money for the banker's notes, by which means he had accumulated several thousand pounds. The notes so collected he had attached to large sheets of paper, and then pasted them on twelve boards like placards: one he carried himself, with these words in large characters—"Going to Messrs. ———'s bank to demand payment." Each man carried one, and they marched in single file to the bank. On entering the house he demanded instant payment in gold; the clerks were taken by surprise; they had not so much gold in the

bank; but they said they could in a very little time collect from the neighbouring banks the requisite amount; but no, this would not suit the manager: it was just the answer he expected. He replied, "These notes are payable to bearer on demand; I now demand instant payment, or I shall proclaim your bank as having failed."

The clerks entreated a few hours' indulgence, but he was inexorable; he would not give a minute, and turning to his men he said, "Now, my boys, shoulder your placards;" at the same time taking from his pocket a printed paper, with which he had come provided, he pasted it over the one he had carried himself, and again headed the procession. This second placard announced that "Messrs. ——— had suspended their payments," and in this manner he marched through the principal streets, to the utter amazement of the inhabitants, especially those who had transactions with the bank, or who held any of its notes. The result was as might have been anticipated—the bank failed. The object of the manager of the assurance company had been gained; he surrendered his appointment and left the town.

The end of this man, although terrible, was not so bad as he deserved. He died, we have been told, in the Fleet prison, placed there by the very son who had, perhaps unwillingly, aided him in his former wicked career.

To give some idea of the great importance which was at one period attached to the term country banker, and the high estimation in which every one was held to whom that term was applied, it is only necessary to relate the following circumstance.

Some years ago, a young woman of shabby-genteel appearance was taken before a metropolitan magistrate for vagrancy. The constable reported that he detected her in the act of begging. The magistrate, in the usual authoritative tone of addressing beggars, said, "Now,

young woman, you cannot be allowed to go about begging. I think you are an impostor. What is your name? Where did you come from? What is your father?"

These three interrogatories were all put at once, but of course required separate replies. The young woman, not having been used to appear before a magistrate, began to cry. She was told, that sort of whimpering would not do there, but the questions must be answered. The girl hesitated for some time, but, on being threatened with the tread-mill, she replied, "My name is Smith; I come from Lincolnshire; and my father is a banker."

On hearing this, the tone and tenor of the worthy magistrate's address underwent a change. "What!" he said, "my good young woman, your father a country banker, and allow his daughter to be begging in the streets of London! I consider he disgraces himself by such conduct. But surely, my good young creature, you must have done something to offend your father." —"No, sir," was the ready reply; "my father said he could not afford to keep me, so I was obliged to leave home."

"Not afford to keep you, and yet a country banker. How can that be? I must inquire into this; I shall write to the clergyman of your town, whom I happen to know, and ascertain the truth of your story, and if possible prevail on your father to take you home again."

In the mean time, the kind and considerate magistrate ordered that the young woman should be taken care of, and every requisite afforded her until he received a reply to his letter.

A few posts brought the clergyman's answer, who stated that the young woman was not a daughter of the highly respectable banker of that name; but was the

daughter of a mud banker in the fens, and that her father had been compelled through her misconduct to refuse to support her.

The reverend gentleman added, that it was possible the mistake into which the worthy magistrate had fallen arose from the circumstance that in his part of the country all the labourers engaged in draining out the water are called bankers; hence the term "country banker."

This explanation, though it satisfied the magistrate of the error into which he had fallen, tended to renew his orginal feelings against this unfortunate vagrant, who was dismissed with the admonition, that if again caught begging she should be sent to the tread-mill.

A very grave charge is frequently made against country bankers for not regulating their issues in strict accordance with the state of the exchanges; but a country banker, being asked whether in the issue of his notes he paid attention to the rate of exchange, replied, "that the exchanges had no more to do with the regulating their issues than the last year's snow." What they attend to is, the weekly returns of the amount of notes issued by the Bank of England.

It is a custom among country bankers who reside in the same district to exchange each other's notes once or twice a week, something after the same plan as that adopted at the London clearing-house. This is a great convenience to all parties, and has the same effect in lessening the amount of bank notes or gold in circulation: it also operates as a check to a redundancy of issues by any particular bank. The notes of such bankers as reside beyond the limited distance are at once sent up to London, for the purpose of presentation for payment to the bankers to whom they are addressed.

The mode adopted by the country bankers of making

payments in London for their several customers, by which they avoid the stamp duty, is to advise their correspondents that certain persons will call on them for certain sums of money, which sums are paid on demand by the London bankers to such persons on their signing a cheque for the amount.

Formerly, these payments were made by remitting bills of exchange payable to the parties who were to receive the money, and drawn at sight. Several attempts have been made to bring these payments within the meaning of the Stamp Act; but they have all failed. That the revenue suffers by the plan now adopted, there can be no doubt; but there is no remedy for it, because the law permits parties residing in London to draw on London bankers at sight, without subjecting such payments to the stamp duty.

If we reverse the case, and suppose a party in London is desirous of making a payment to a person residing in the country, he takes the money to the London agent of the banker in the town in which the person resides, and pays it into such country banker's account on behoof of his correspondent. Should he require a receipt from the London house, as evidence of having paid the money, an act of precaution by no means unusual, such receipt, if it expresses for what object the money is received, as thus, "Received of A. B. for C. D., in account with E. F. and Co.," must be upon a stamp; but the banker may give a receipt without a stamp on its simply expressing that the money is received on account of E. F. and Co.

The 7 and 8 Vic., cap. 32, was, without doubt, one of the most singular, and, in the opinion of many, the most ill-judged, legislative regulations in reference to country bank notes that has ever been passed. It is called "An Act to regulate the Issue of Bank Notes, and for giving to the Governor and Company of the

Bank of England certain privileges for a limited period." After prescribing the manner in which the issues of the Bank of England are in future to be conducted, the Act proceeds as follows :—

"That, from and after the passing of this Act, no person other than a banker, who on the sixth day of May, 1844, was lawfully issuing his own bank notes, shall make or issue bank notes in any part of the United Kingdom."

Section 12 prohibits bankers, who may cease to issue notes, thereafter to issue any such notes.

Section 13 provides that existing banks of issue may continue, under certain limitations, to issue notes.

Section 14. Where two or more banks unite in one, such united bank may issue notes subject to the regulations of this Act.

Section 16 enacts that, in case banks become united, the Commissioners of Stamps and Taxes are to certify the amount of bank notes which such bank is authorized to issue.

Section 17 enacts that any banker issuing notes beyond the amount authorized by the Commissioners shall forfeit a sum equal to the amount in excess.

Section 18 enacts that every banker shall render to the Commissioner an account of the amount of the bank notes in circulation on such day as may be fixed by the Commissioners of Stamps and Taxes.

Section 19. The mode of ascertaining the average amount of bank notes of each banker in circulation during the first four weeks after 10th October, 1844.

Section 20 empowers the Commissioners of Stamps and Taxes to cause the books of bankers, containing accounts of their bank notes in circulation, to be inspected; and parties refusing to allow such inspection to forfeit the sum of 100*l.* for every such refusal.

Section 21 provides that all bankers in England and Wales shall, on the 1st of January in each year, make

a return to the Commissioners of the residence and occupation of every partner, whether joint-stock or private co-partnership.

Section 22 enacts that every banker issuing notes shall take out a separate licence for every place at which he issues notes or bills.

It has always appeared to us that promissory notes payable to bearer on demand, issued by parties of undoubted character, are to commerce what good and wholesome blood is to the body; and if any medical practitioner were to attempt by any process of his art to limit the present and future quantity of circulation in the natural body, as the great currency doctors have limited it in the political body, the consequences that would very soon follow would be, that, whilst under going the experiment, the patient would die.

Although country bankers may not meet with the same fate, yet if bank notes such as we have described are of benefit to trade and traders—and who can say they are not? and if trade is as expansive as the ingenuity and enterprise of the people can make it, why limit the means of aiding and increasing that expansion?

We can well understand the placing a wholesome restraint upon the issuers of bank notes, and calling upon them to prove their ability to pay them; but why an aggregate amount of notes circulating through a country during *four weeks after the* 10th *of October*, 1843, should be the maximum amount to be circulated in all time to come, we are really at a loss to imagine. We are not aware that there was any remarkable event happened in reference to bank notes during that time, or that the issuers of the notes exercised any magic influence over the commercial community within that period.

If we may judge from the proceedings of the government in the month of October, 1847, when they by a

special letter authorized the Bank of England *to extend their issues beyond the amount fixed by law*, the principle upon which the limitation of bank notes had been founded was proved to have been unsound.

Time, however, that great trier of principles, will alone be able effectually to solve the question whether local circulation ought not to be regulated and chiefly influenced by local circumstances.

The total amount of the notes allowed to be issued in accordance with the recent Acts, fixing the average for each bank, is as follows :—

1	The Bank of England . .	14,000,000
196	English private Banks . .	4,999,444
67	English Joint Stock Banks .	3,418,277
264	English Banks.—Total . .	22,417,721
18	Banks in Scotland . . .	3,087,209
8	Banks in Ireland . . .	6,354,494
	Total issues for the United Kingdom	31,859,424

By the above it will be perceived that, whilst the average amount of the fixed issues for the 264 banks of issue in England gives 32,000*l.* for each bank, that of Ireland is 794,300*l.* for each *of its eight banks;* and that, although Scotland has more than twice the number of banks than Ireland, the amount of the circulation of Ireland is more than twice the amount of that of Scotland.

We cannot take leave of this part of our subject without some special notice of savings banks, because they have in many instances been known to interfere with the province of the regular banker; and, as a consequence, have greatly contributed to decrease his profits; and, however much the public may have suffered by the misconduct of many private bankers, the remedy interposed has in many recent instances been attended with lamentable results.

It is impossible to refrain from expressing our astonishment that, whilst the government have for the last twenty years been constantly legislating on the subject of banking, with the view of protecting the upper and middle classes of society, so little regard should have been paid to the security of that system of banking adapted to the poorer classes, encouraged and fostered as that system was by the government, and more particularly when it is considered that the savings of the labouring classes are appropriated by the state in the purchase of government stock; and that the commissioners of the appropriation of the money may, according to the existing law, change that stock whenever they think proper; and also cancel any Exchequer bills purchased or taken up by them on account of the trustees of the banks, and convert the amount of them into stock; thereby changing the nature and adding to the amount of the national debt.

Although it must be admitted that savings banks have a tendency to encourage habits of forethought among the industrious and frugal of the productive classes, yet this end has not been attained without a great sacrifice on the part of the public.

We have no means of ascertaining the amount of the variations in the price of the funds bought and sold by the commissioners; but it must be considerable when carried over a series of years. In order, however, as much as possible to avoid a loss, the commissioners possess the power of borrowing money when any extensive demand is made on them, in place of selling stock, should the price of the funds justify such a proceeding.*

* VALUE OF THE ASSETS in the hands of the Commissioners, to meet the claims of the Trustees, on November 20th, 1848—the 3 per Cents. and the 3¼ per Cents. estimated at 87, which was about the

In the month of May, 1844, a return was made to the House of Commons of the difference between the amounts of interest paid to the trustees of the several savings banks and that which the commissioners received for dividends on the stocks in which the several investments were made, amounting to the enormous sum of 2,171,192*l.* 12*s.* 6*d.*,* and, as this must have

average price of those stocks on that day; and the Exchequer bills estimated at par—showing the deficiency in the value of those assets:—

SAVINGS BANKS.

Amounts.				Estimated Value.
£9,508,263	3 per Cents.	Great Britain	£27,273,972, at 87	£23,728,355
16,734,121	3¼ „	„		
1,031,588	3¼ „	Ireland		
28,000	Exchequer bills	Great Britain, at par		28,000

FRIENDLY SOCIETIES.

518,500	3 per Cents	Great Britain	1,865,300, at 87	1,622,811
1,346,800	3¼ „	„		
£29,167,272				£25,379,166
		Uninvested cash balance		232,832
		Total estimated value on 20th November, 1848		£25,611,998

CLAIMS OF THE TRUSTEES, on November 20th, 1848.

SAVINGS BANKS.

Great Britain	£26,881,759	3	4
Ireland	1,351,273	11	0

FRIENDLY SOCIETIES.

Great Britain	£1,928,918	13	10
Ireland	74,716	17	11
Total amount of the claims of the Trustees	£30,236,668	6	1
Total estimated value of the assets of the Commissioners	25,611,998	0	0
Total estimated deficiency on 20th November, 1848	£4,624,670	6	1

Thus showing that *the estimated value of the assets* in the hands of the Commissioners, on November 20th, 1848, to meet the claims of the Trustees, amounting to 30,236,668*l.*, was 25,611,998*l.*—*being a deficiency of* 4,624,670*l.*

* By a return made to the House of Commons on the 10th of May, 1844, it appears that there was in the hands of the Commissioners for the Reduction of the National Debt, belonging to the trustees of

been a total loss without any chance of its recovery, the only course was to add it to the national debt.

It appears by the Savings Bank Act, that any number of persons may form themselves into a bank for savings. Previous, however, to opening the bank, certain rules and regulations for the management of the institution must have received the sanction of a barrister-at-law, appointed by the Commissioners for the Reduction of the National Debt, whose certificate will entitle the trustees and managers of the bank to receive the contributions of the people in the neighbourhood; the only charge made for such certificate being *one guinea.*

The rules and regulations so certified, copies of which must be lodged with the clerk of the peace of the county in which the proposed bank is situated, become "binding on the several members and officers of the institution, and the several depositors therein, all of whom shall be deemed and taken to have full notice thereof."

No trustee or manager of a savings bank is personally liable, except for his own acts and deeds, nor for anything done by him by virtue of his office, except in cases where he shall be guilty of wilful neglect or default. The trustees are required to pay over the monies left with them in deposit to the Bank of England, to the credit of the commissioners; and such

savings banks, as a separate surplus fund not bearing interest, the sum of 321,468*l.* 13*s.* 2*d.*

And by another return, dated 7th June, 1844, it appears that the interest and charges on the sums due to the trustees of savings banks and paid to them from the 6th of August, 1817, to 20th November, 1843, amounted to £15,113,849 19 8

Whilst the amount received by the Commissioners for dividends on the stock in which the several investments were made amounted to . . 12,942,657 7 2

Paid by the public to the depositors in savings banks more than received £2,171,192 12 6

monies are not to be paid or laid out by the trustees in any other security whatever, except such sums as shall from time to time remain in the hands of the treasurer to answer the current demands of the bank.

The Act holds out the following inducements to the public to make deposits in savings banks. It is stipulated that any person under the age of twenty-one years may deposit money, and the receipt of such minor shall be a sufficient discharge, notwithstanding his or her incapacity or disability in law to perform any legal act. Deposits may also be made by married women, and repaid to them. All bonds, powers of attorney, receipts, &c. required, are exempt from stamp duty; and further, the deposits are returned to the depositors without any diminution in the amount, whatever may be the difference in the price of the funds at the period of investment and the withdrawal of the money.

It thus appears that, whilst the government offers many inducements to the public to become depositors in savings banks, it leaves them entirely at the mercy of the trustees, who may or may not be men of wealth and respectability, able and willing to make good any deficiency in the funds of the bank.

Until recently it was a common error to suppose that the depositors in savings banks were, like the fund-holders, public creditors. In no instance is the faith of the government pledged to the depositors for the return of their money. All the contracts are made between the government commissioners and the trustees. No mention is even made of any third parties; and when a savings bank fails the depositors have their remedy only against the individuals who may have betrayed the confidence reposed in them, and misapplied or mismanaged the funds of the bank; and, should they fail in obtaining their money from such parties, they have no other remedy—not even against the trus-

tees, who, unless wilful neglect or default can be substantiated against them, are exempt from all legal responsibility.

We must not omit mentioning another matter which enters materially into this part of our subject: viz., absenteeism. A rich absentee is blamed because he spends his money abroad instead of diffusing it on the spot, among those through whose means his wealth is created. Now, the difference between a rich absentee and one of the industrious classes—a depositor in a savings bank—is only a question of degree. The cases are perfectly analogous. The accumulations of the depositor are spent at a distance; and, although he remains on the spot, his money is, as we have before stated, expended in another and far-distant place. We have only to multiply such deposits in proportion to the extent of the population and trade of any particular town, and we shall be able, pretty accurately, to discover how much is lost to any particular district by this mode of disposing of the savings of the productive classes.

In Scotland, where there are no government savings banks, the accumulations of the frugal are paid into the joint-stock banks, and by them diffused in facilitating commercial operations in the neighbourhood in which the money is collected. Amongst these there have been no failures, whilst, on the contrary, among the English and Irish savings banks numerous failures have lately taken place, many of them accompanied with serious and lamentable consequences to the unfortunate depositors. Surely it is high time that the security of the depositors in savings banks, whose united deposits amount to the enormous sum of thirty millions sterling, should be placed on a more firm and solid foundation.

CHAPTER VIII.

ON JOINT STOCK BANKING.

Origin of the limitation of the number of Partners in Banks—Act authorizing the formation of Joint Stock Banks—First establishment of Joint Stock Banks—Number of Joint Stock Banks at present in England—On the limitation of the liability of Shareholders—One general Deed of Settlement advocated—Defects of the Act 7 & 8 Vic. cap. 113, the subject of Parliamentary interference—Change in the law prohibiting Clergymen becoming Shareholders in Banks—Mr. Gilbart and the Establishment of the London and Westminster Bank—Its success—Active opposition of the Bank of England to the London and Westminster Bank—Account of the existing Banks—Formation and subsequent failure of the Northern and Central Bank—Failure of the Norwich and Norfolk Joint Stock Bank—Shareholders in such Banks the only sufferers—Form of Transfer of Shares in Joint Stock Banks—Abstract of the Act 7 & 8 Vic. cap. 113 for regulating Joint Stock Banks—Heads of the Sections of a Deed of Settlement.

For upwards of a century the Bank of England possessed a monopoly, being the sole public bank in England empowered to issue notes payable to the bearer on demand, and to carry on the business of banking.

In the year 1708, the Bank, in addition to its other privileges, succeeded in obtaining an Act granting to them and their successors the privilege of banking to the exclusion of all co-partnership of more than six persons; and, as there were at that time several joint stock companies carrying on the business of banking, they were compelled to wind up their affairs.

We have adverted to this monopoly, and the various considerations given for it by the Bank. The Act tacitly gave encouragement to small shopkeepers and others, however limited their means, to establish banks and issue notes; but to persons of capital, respectability, and credit, willing to associate in large bodies and

embark in a similar undertaking, it in fact said, "your company shall not consist of more than six partners," thereby placing the banking system in a state of liberty as to every thing rotten and bad, and in a state of restriction as to every thing good and substantial.*

Besides the prohibition to the formation of joint stock banks, which for special reasons did not extend to Scotland, the law of partnership interposed obstacles which nothing but legislative interference could remove.

Even to this day there is no part of our laws more complicated, or less understood, than the laws relating to partnerships: they are founded upon no general principle, and consequently are contradictory and obscure; but it is not necessary for our subject further to allude to such matters.

During the latter part of the year 1825, the injustice and the impolicy of the Bank monopoly had become so great, that, notwithstanding the resistance of the authorities of the Bank, an Act was passed allowing, under certain limitations, the formation of joint stock banks in England.

"The trade of banking," says Sir Henry Parnell, "is of such a nature, that it is scarcely possible for any but a very numerous body of partners to furnish a capital sufficiently large for carrying it on advantageously to the public. A single individual or a few individuals cannot be, but very rarely, possessed of that amount of capital which alone can render this trade a safe one; for this reason, in order to establish in a country a sound system of banking, it is indispensably necessary that care should be taken 'not to impose any legislative restrictions in the way of large bodies associating together to form joint stock banking companies.'" Adam Smith, in his Wealth of Nations, says, "Though the principles of the banking trade may appear somewhat abstruse,

* *Vide* Parliamentary Reports on Banking, 1826.

the practice is capable of being reduced to strict rules. To depart upon any occasion from these rules in consequence of some flattering speculation of extraordinary gain is almost always dangerous, and frequently fatal, to the banking company which attempts it. But the constitution of joint stock companies renders them in general more tenacious of established rules than any private co-partnership. Such companies, therefore, seem extremely fitted for this trade."

There are only one corporate body in England and three in Scotland, connected with banking, in which the responsibility of the shareholders is limited to the amount of their respective subscriptions. When the government were in correspondence with the Bank of England relative to the formation of joint stock banks in England, the subject of limiting the liability of shareholders by charters of incorporation was one of the conditions proposed, but which, as we have before observed, the Bank refused to sanction; consequently, the shareholders in such banks are liable to the fullest extent for the debts of the company in which they embark their capital.

The Act 7 George IV. cap. 46, after reciting the agreement with the Bank, 39 & 40 George III., wherein the exclusive privilege of banking is renewed and extended to the 1st of August, 1833, enacts, that "co-partnerships of more than six in number may carry on business in England as bankers sixty-five miles from London, provided they take out a licence for the same, and have no establishment as bankers in London; and that every member shall be liable and responsible for the due payment of all the engagements of the bank;" but such banks were prohibited drawing bills payable on demand, or for a less period than six months, or for a less sum than fifty pounds, on any partner, agent, or other person, within the prescribed limits.

Such co-partnership, before issuing notes, to send to the Stamp Office in London a return or account of the name of the bank, and the names and places of abode of all the members, verified by the secretary or other public officer of the bank, and from time to time the names of any new officers or members of the bank. "All actions, suits, &c. against any parties indebted to the bank shall be commenced and carried on in the name of the public officer for the time being; and also any judgment of the courts of law or decree of the court of equity against the public officer to take effect against the corporation."

All joint stock banks registered, as before stated, to issue unstamped notes, on giving bond that the composition for the duties which would otherwise be payable for such promissory notes issued within the space of one year, amounting to seven shillings for every 100*l.* of such notes in circulation, be duly paid.

A penalty of 50*l.* for infringing the above enactment, and a penalty of 500*l.* for every week any joint stock bank neglect to make the return required by the Act, or for any false return; the officer in the latter case, if lawfully convicted, "shall be subject and liable to such pains and penalties as by any law now in force persons convicted of wilful and corrupt perjury are subject and liable to."

The legislature in sanctioning the formation of joint stock banks had no doubt in view the establishing of a secure and sound system of banking in England; but the very loose manner in which the Act is worded, and the entire absence of all safeguards against the delusive schemes which such an Act would naturally call into existence, must be apparent to the most superficial reader.

Yorkshire and Lancashire were the first to take advantage of the Act by the formation of joint stock

banks at Lancaster and Huddersfield. The latter town had severely suffered by the failure of several private banks, so that the district had not sufficient banking accommodation afforded to it. This awakened the attention of several public-spirited gentlemen to attempt forming the Huddersfield Banking Company, which was eventually accomplished. The proprietary consisted of men of property retired from business, as well as of others extensively engaged as merchants and manufacturers. The object of the framers of the bank was to inspire confidence by the respectability of the shareholders, as well as by the amount of paid-up capital.

Similar institutions were rapidly formed throughout the country, some of which, from mismanagement, have failed. The number of joint stock banks in England is 107, consisting of about 25,000 partners, or an average of 234 partners for each bank. The average amount of the paid-up capital of each is about 160,000*l.*; the subscribed capital 600,000*l.*; and the subscribed capital of the whole 107 banks exceeding 8,000,000*l.*; whilst the shares of 31 banks are selling at an average of 100 per cent. on the amount paid up.

The unlimited liability which each shareholder in a joint stock bank incurs, though possessed of only one share, must by all parties be admitted to offer the greatest possible security to the public; but it is not less obvious that the same cause must often prevent many wealthy and influential individuals from becoming shareholders.

The control over the affairs of joint stock banks is usually vested in the hands of a limited number of directors, who, in the discharge of their duties, are required sedulously to watch the operations which arise out of such standing orders and resolutions as have been sanctioned by the body of shareholders.

To prevent, as far as possible, any approach to abuse

in the administration, a full report of the affairs of the company, with a statement appended to it of its assets and liabilities, is usually laid before the shareholders periodically,* on which statement and reports a dividend is declared.

By a covenant in the deed of settlement of most of the English joint stock banks it is the practice expressly to stipulate that, whenever a certain portion of the paid-up capital is lost, the company shall be held to be dissolved, and the remaining funds and property of the company divided amongst the shareholders, in proportion to the number of shares respectively held by them.

This salutary provision, when strictly adhered to, has the twofold effect of guarding both the proprietors and the public; for, while it secures the latter, by making every proprietor responsible for the acts of the managers to the full extent of their fortunes, it limits the risk of the former by the conditions under which they become subscribers to the undertaking.

Numerous suggestions have been made for amending the laws affecting joint stock banks; but, however excellent they may be, they do not meet the question of the liability of shareholders. Our opinion on this point is, that deeds of settlement should be framed so as to be of one uniform tenor as regards the liability of shareholders; and we think that sufficient security would be afforded to the public if the responsibility of shareholders were defined. This in all probability would not be acquiesced in by the Bank of England, because the unlimited liability of the partners in every other bank constitutes one of the principal elements of their monopoly; yet, if their sanction could be obtained, there is no objection that we can see why the shareholders of all joint stock banks should not be exonerated from all

* The 7 & 8 Victoria, cap. 113, makes this proceeding imperative on all future banks.

responsibility beyond three times the amount of their subscriptions in the capital stock of the bank; so that if a party subscribed for 1000*l.*, he should be held responsible for 4,000*l.* and no more. This would tend materially to increase the respectability and solidity of joint stock banks, inasmuch as, from the manner in which they are at present constituted, wealthy men are deterred from becoming shareholders, in the dread that their whole fortunes are liable for the debts of the bank. As a check upon any improvident disposition of the funds of the bank, when they are banks of issue, inspectors appointed by government should be empowered periodically to examine the state of the affairs of these banks, and make a full report thereof to the government, which report should be published in the "Gazette;" but those banks that are not banks of issue should be exempt from such inspection.

A few years sufficed to show the defective state of the law as regards joint stock banks, which at last attracted the attention of Parliament. During the session of 1836, the House of Commons appointed a Secret Committee to inquire "into the operation of the Act, and whether it be expedient to make any alteration in it."

To enable the committee fully to understand the nature of the subject submitted for their examination, they issued a circular to all the existing joint stock banks, in which they embodied various queries, which in most instances were readily responded to by the banks, who at the same time gave a most minute detail of their mode of transacting business. The report—which is a very lengthy document—after giving the opinion of the committee on the defects of the law, contains thirteen practical propositions, each of which it is stated "appears to the committee deserving of the most serious consideration, with a view to the future stability of the banks throughout the United Kingdom,

the maintenance of commercial credit, and the preservation of the currency in a sound state."

Notwithstanding the unfavourable state of the law relating to public banking, the successful progress such institutions have made with few exceptions throughout the country is strongly confirmatory of the opinion expressed by the above committee, "that the readiness with which several joint stock banks furnished the requisite information, and the willingness to meet inquiry, is of itself the surest pledge and guarantee of the sound principles on which these and similar establishments are conducted."

Among the numerous defects of the law of 1826, the framers of the measure entirely overlooked the very important circumstance that, should any clerk in orders become a shareholder in any joint stock bank, that alone would be sufficient to invalidate all the proceedings of any such bank.

In the year 1817 an Act of Parliament, 57 Geo. III. cap. 99, was passed prohibiting all spiritual persons having or holding any office in the church from engaging in any trade for gain or profit, under a penalty of forfeiture of the value of the property dealt in; one-half of every such forfeiture to his Majesty, and the other to any one who will sue for the same. The consequence of this Act was that, if any clergyman became a proprietor of stock in any company not being a chartered company, such company was incapacitated from recovering any just or lawful debts, and subjected the whole of its capital to forfeiture.

Acts of Parliament were formerly proclaimed in every town or village in the kingdom, so that no one might plead ignorance of their existence. Their number is now however so great that they are frequently felt before they are known: so it happened to one of the joint stock banks at Manchester.

The Northern and Central Bank, ignorant of the existence of the law of 1817, instituted legal proceedings to recover the amount of a dishonoured bill of exchange. The defendant, without disputing his liability on the bill, rested his defence on the fact that there were two clergymen partners in the bank, and consequently that the bank was not entitled to recover. The Court of Exchequer, at which the late Lord Abinger presided, and before whom the cause was tried, held that the plea was good.

In the month of February, 1838, a bill was brought into the House of Commons to legalize certain contracts which had been or might be entered into by certain parties as shareholders of joint stock banks, which bill was ultimately passed under the title of "The Banking and Trading Clerical Co-partnership Bill."

Another difficulty to be overcome was, how joint stock banks could proceed against a party indebted to the bank without setting forth the names of all the partners; and this, in the absence of legislation, could only be accomplished by the following circuitous and indirect manner. Every person opening an account with a bank was required to sign his name to a document, undertaking to pay any sum of money which might be owing by him to five persons who were trustees to the bank, and in whose names all the operations of the bank were carried on. The document in question was after the following manner:—

"Joint Stock Bank.

"To A, B, C, D and E.

"GENTLEMEN. — In consideration of your agreeing to pay to me, or to my order, any sum or sums of money which shall at any time be deposited by or belonging to me in the said bank, I hereby engage, as a separate contract with you, to pay to you individually, or the survivors of you, on demand, all such

sums of money as I shall or may hereafter become indebted to the said bank on any account whatever.

"Your obedient servant,"

A further difficulty was how to recover money from a customer of the bank who was a shareholder, and who, notwithstanding the above obligation, might plead his partnership in bar of the claim of the bank. To get over this difficulty, a witness * examined before the Committee of the House of Commons on Joint Stock Companies, in 1843, at page 171 of the Report, describes the process of this and other obstacles thrown in the way of the metropolitan banks: "It was necessary to have a clause inserted in the deed of settlement that any partner becoming indebted to the bank, and refusing to pay the same on demand, might be sued for the amount as liquidated damages for breach of the covenant to pay on demand."

In some banks those customers who agree to pay a commission in lieu of keeping a balance of cash in the bank, are called upon to sign a letter to the effect that, in consideration of the bank consenting to open an account with A. B., he authorizes the manager to debit the account annually for the amount of commission agreed on. This prevents any dispute between the parties, more particularly as the consideration is set forth in the authority.

The Committee of the House of Commons on Joint Stock Banking, in 1838, reported that, "by the general law of partnership the common law remedy for the recovery of debts which exist between party and party is not applicable in cases where the debt is contracted between a partnership and one of the partners or shareholders. In such a case the remedy is by proceeding in

* Mr. John Duncan.

a court of equity, and such a remedy in the case of joint stock banks is so cumbrous, so complicated, and so dilatory, as to afford no adequate means for the recovery of a just debt. Upwards of 400,000*l.* is stated by Mr. Broadbent, one of the inspectors of the Northern and Central Bank, to be due to the bank by its shareholders. This sum is practically now irrecoverable by law; and not only was that establishment precluded from winding up its affairs, but the rights of the parties may be affected most seriously. The inconvenience or danger extended much further; because, if a similar defence was raised by debtors of joint stock banks generally, a most serious blow might be struck at commercial credit, likely to produce the most calamitous consequences. This state of things should not be permitted to continue; but, whilst your Committee are of opinion that a Bill to correct this inconvenience should be introduced without delay, they are *unwilling that such a measure should be permanent in its character, or should be in force for a longer period than to the end of the next session of parliament.*"

Why the words we have marked in italics should have been added by the committee we cannot conjecture; for, while recommending the legislature to remedy a glaring defect in the law, they at the same time object to that remedy being of a permanent character.

In the month of July, the House of Commons ordered a Bill to be printed, called "A Bill to amend the Law relative to Legal Proceedings by certain Joint Stock Banking Companies against their own Members, and by such Members against the Company."

From the preceding remarks it becomes perfectly obvious to the reader that we entirely concur in the policy of government introducing the principle of joint stock banking into England; but this must be understood to apply to joint stock banks properly regulated,

of which, in our opinion, most of the banks of Scotland may be regarded as examples.

Though decidedly favourable to the system, we are by no means disposed to conceal the errors of those who, in carrying out that system, have adopted measures in themselves unjustifiable, and, in some cases, ruinous to the parties concerned.

In some joint stock banks there has been great mismanagement, and in others gross ignorance and misconduct, on the part of the directors; yet this does not impugn the system: the same thing might happen to any corporate company. It only shows that the shareholders, who are partners interested, ought to choose as directors and managers men both honest and capable of conducting the transactions of a bank with prudence and regularity. Unhappily it is too frequently the case that directors are chosen, not from their experience in banking, but from their being able to command a certain amount of capital to invest in the concern.

It not unfrequently happens that parties whose previous occupations have been of a nature to preclude the possibility of their possessing the slightest knowledge of banking find themselves placed in a position of the responsibilities attached to which they are entirely ignorant.

Instances are to be met with in which the directors have neither the judgment nor the capital to carry on a bank with safety to the shareholders, and who have no vested capital in the concern, but have made up their qualification shares by bringing in the Company, in the first instance, debtors to the directors in a given amount, as a remuneration for their services in establishing the bank. This course, however, is only adopted where the scheme is bottomed on fraud and deception, and, when discovered, naturally throws discredit on the principles of joint stock banking.

Many of the private banks in England have been established upwards of half a century, and some full a century; and the experience gained during that long period enables the banker to discriminate with better judgment than the directors of joint stock banks, as to the general system of banking, and the degree of accommodation to be afforded to the mercantile community in their immediate neighbourhood.

The partners in such banks are generally men of property and experience, who well know the danger of indiscreet advances, and who will not risk either their property or their character by urging their connexions to put a too extended trade upon borrowed capital.

The great danger of joint stock banks, next to the want of experience in the executive, is, that the partners or shareholders are allowed to overdraw their accounts without sufficient security, and that so large a proportion of them are borrowers—men who in difficult times could render no assistance to the bank, but would require further support for themselves.

The practice adopted by some joint stock banks of investing a portion of the funds of the bank in the purchase of shares of other joint stock banks is very much to be condemned, as it materially increases the liability of the shareholders. To illustrate this we will suppose that a metropolitan joint stock bank purchases shares in a Manchester joint stock bank. As the law at present stands, a shareholder in the bank not chartered is responsible for the whole liabilities of such bank in which he is a shareholder. Now, as the purchase of the shares was made with the funds of the bank, each partner in the metropolitan bank becomes responsible for the liabilities of the bank at Manchester; consequently the security in the one case is materially in-

creased, whilst, in the other, it is considerably diminished.

One of the worst features in joint stock banking—and this applies with equal force to many private banks—is the appointment of agents, and the description of operations carried on under that name. The person employed is generally a man who follows some other business as his principal occupation, such as that of a draper, grocer, stationer, or small shopkeeper. Such a man is preferred because he is always upon the spot, and can insure his own business, and part, perhaps, of the business of his customers and connexion, to the bank. Few of such agents are conversant with banking business, or men in whose experience and judgment so important a trust can safely be confided.

Many of these agents have a credit on the London correspondent of the parent bank, by some called a renewable credit; so that, supposing the credit should be 1000*l.*, the London banker, when he has accepted the drafts of the agent to that extent, informs the parent bank of the circumstance, at the same time stating that the credit of 1000*l.* has been renewed. This credit may be considered in the light of an unlimited power to draw on London, provided such drafts do not exceed in the aggregate on any one day the original amount of the credit.

The occasions which give rise to these drafts are various; but they are principally issued to persons who have notes of the bank for which the shopkeeper is agent, and who are desirous of remitting the amount to London, such as travellers who have in their collection received country notes, and who require bills for the convenience of remitting to farmers and others, who find occasion in the course of their business to make remittances or pay bills at a distance.

At the period of passing the Act of the 7th George IV. cap. 46, and for some time after, it was considered that no joint stock bank could be established in London, or within a radius of sixty-five miles thereof; but this opinion was opposed by Mr. Gilbart, the present talented manager of the London and Westminster Bank. The ambiguous phraseology by which Acts of Parliament are too frequently encumbered renders them at times perfectly unintelligible;* Mr. Gilbart, however, appears to have discovered that the supposed prohibition was purely imaginary: he therefore set about forming a joint stock bank, a task at that time surrounded with the greatest difficulties.

Great credit is therefore justly due to Mr. Gilbart for his persevering industry in overcoming those deep-rooted prejudices and petty jealousies which first opposed the introduction of metropolitan joint stock banks. To set the question of the legality of metropolitan joint stock banks at rest, the following clause was introduced into the Act of the 3rd and 4th William IV. cap. 98.

"And whereas doubts have arisen as to the construction of the said Acts, and as to the extent of such exclusive privilege, and it is expedient that all such doubts should be removed; be it therefore declared and enacted, that any body politic or corporate, or society, or company, or partnership, although consisting of more than six persons, may carry on the trade or business of banking in London, or within sixty-five miles thereof, provided that such body politic or corporate, or society, or company, or partnership, do not borrow, owe, or take up in England any sum or sums of money on their bills or notes payable on demand, or at any less time than six months from the borrowing thereof, during

* "The laws ought not to be subtile: they are designed for people of common understanding, not as an act of logic, but as the plain reason of a father of a family."—Montesquieu, vol. ii. p. 302.

the continuance of the privileges granted by this Act to the said Governor and Company of the Bank of England."

The London and Westminster Bank was the first joint stock bank formed in London. After the passing of the Act of the 3rd and 4th William IV. cap 98, but previous to their commencing business, which was in the month of March, 1834, the directors applied to the committee of bankers for admission to the clearing-house, which was refused; they also applied to the Bank of England for a drawing account, which was also refused.

Notwithstanding these impediments and others which we are about to refer to, the bank has succeeded beyond all expectation. By their last report and balance sheet submitted to the shareholders on Wednesday, 16th of January, 1850, it appears that the amount of their deposits was 3,680,623*l.* 10*s.* 9*d.* and that the profits for the past year, ending 31st December, 1849, were 65,120*l.* 17*s.* 7*d.*

In addition to the usual dividend of 6*l.* per cent. per annum on the paid-up capital, the directors at their meeting in 1847 gave a bonus to the shareholders of 8*s.* per share on 40,000 shares, which was equal to two per cent. on the capital stock, and increased the guarantee fund by 10,175*l.* 15*s.* 9*d.*, the present amount of which is 107,844*l.* 14*s.* 6*d.* The directors at the same meeting proposed that the remaining 10,000 shares should be issued to the shareholders at par, in the proportion of one share for every four shares held by them respectively, to be paid by instalments of 7*l.* per share on the 15th of April, 6*l.* per share on the 15th of July, and 7*l.* per share on the 15th of October. By this arrangement, the capital of the bank was increased to 1,000,000*l.*, and the whole of the 50,000 shares were disposed of.

The following is a tabular statement of the operations of the London and Westminster Bank in each year, from its foundation to the 31st of December, 1849:—

Date.	Paid up Capital.	Surplus Fund.	Profits of the year.	Dividends.
	£	£ s. d.	£ s. d.	£ s. d.
1834	182,255	1,205 8 5	3,540 6 6	2,334 18 1
1835	267,270	1,907 6 5	11,520 10 0	10,818 12 0
1836	597,255	4,527 0 6	32,483 14 1	29,864 0 0
1837	597,280	7,067 11 2	32,404 10 8	29,864 0 0
1838	597,280	20,839 4 1	43,635 12 11	29,864 0 0
1839	597,280	33,100 11 1	48,098 3 0	35,836 16 0
1840	597,280	46,215 3 11	48,951 8 10	35,836 16 0
1841	786,300	56,007 16 8	51,300 0 9	41,507 8 0
1842	800,000	63,126 10 10	55,118 14 2	48,000 0 0
1843	800,000	66,822 16 5	51,696 5 7	48,000 0 0
1844	800,000	69,904 15 4	51,081 18 11	48,000 0 0
1845	800,000	88,248 16 4	66,344 1 0	48,000 0 0
1846	800,000	98,424 12 1	74,175 15 9	48,000 0 0
,,	....	....	Bonus . .	16,000 0 0
1847	1,000,000	100,647 16 11	58,223 4 10	56,000 0 0
1848	1,000,000	102,723 16 11	62,076 0 0	60,000 0 0
1849	1,000,000	107,844 14 6	65,120 17 7	60,000 0 0
	1,000,000	107,844 14 6	755,771 4 7	647,926 10 1

This remarkable position, of which the annals of banking furnish no parallel, was not attained without the bank encountering, on its first introduction, and for some time afterwards, very serious difficulties; for, apart from the fact of their having to overcome a deep-rooted prejudice in favour of private banks, the charter of the Bank of England proved a great obstacle.

The directors of the London and Westminster Bank very naturally concluded that the legislature, whilst it sanctioned the formation of metropolitan joint stock banks, never could have intended that such banks should be deprived of the power of suing those who might be indebted to them; but in this they were mistaken. On the 7th of May, 1834, just three months after they commenced business, the directors applied by petition to the House of Commons for powers to sue and be sued. On the introduction of the Bill granting

such powers, the Bank of England petitioned to be heard by counsel against it, which Bill, notwithstanding this opposition, passed the Commons; and, after having been read a first time in the House of Lords, no further trace of it can be found in the Journals.

The London and Westminster Bank thought in their simplicity that the corporation would not push their hostility any further. They therefore carried on the ordinary business of banking, making the special arrangements with their shareholders and customers before referred to. In the course of their transactions, bills of exchange were drawn upon them from the country, which were accepted.

The Bank of England, ever jealous of its privileges, gave notice to the London and Westminster Bank, that by accepting bills they were infringing the privileges of the Bank. On this subject the following remarks appear in the first report of the London and Westminster Bank:—

"The active opposition of the Bank of England has been again manifested, by its giving notice within these few days of its intention to try the question of our power to accept bills of exchange drawn at a shorter date than six months. Several months ago, the Bank of England was aware of the proceedings of the London and Westminster Bank in this respect, but not until now has any step been taken.

"The London and Westminster Bank are ready to meet the Bank of England in any court of justice on the subject, for, having obtained the best legal advice, they feel quite confident of ultimate success. They have no desire to infringe the privileges of the Bank of England; but they are equally determined to protect the interests of the shareholders of the bank."

After opposing the Bank of England in the courts of law and equity, the question was brought before the

House of Lords, who called in the assistance of the twelve judges, whose decision was in favour of the Bank of England. The costs incurred by the London and Westminster Bank in this litigation amounted to several thousand pounds.

We have stated thus much to show the difficulties that were thrown in the way of the early metropolitan banks; now, however, both questions are finally set at rest. Not only may joint stock banks sue and be sued, but they may also accept bills, and perform all the ordinary functions of bankers; and on conforming to the provisions of the 7th and 8th Victoria, cap. 113, such banks can be legally incorporated by letters patent from the crown. An abstract of the Act will be found at the end of this chapter.

On the 17th of January, 1850, at a meeting of the shareholders of the London Joint Stock Bank, the report and balance sheet submitted by the directors showed a profit for the half-year ending 31st December, 1849, of 25,132*l.* 10*s.* 8*d.* which, with 15,433*l.* 14*s.* 1*d.* carried forward from June, made a total of 40,566*l.* 4*s.* 9*d.* which was appropriated as follows: 18,000*l.* for a dividend at the rate of six per cent. per annum, 22,500*l.* as a bonus of 7*s.* 6*d.* per share, and 66*l.* 4*s.* 9*d.* to the credit of the guarantee fund, which now amounts to 132,723*l.* 3*s.* 8*d.* The amount of deposits with this bank is 2,792,507*l.* 19*s.* 2*d.* and the paid-up capital 600,000*l.*

The tenth annual report of the Union Bank of London was submitted to the shareholders with the balance sheet on the 11th of July, 1849, by which it appeared that their paid-up capital was 422,900*l.*; the amount of their deposits 2,835,617*l.* 3*s.* 8*d.*; and that the amount paid for dividends for the past year at the rate of six per cent. per annum on the paid-up capital was 25,374*l.* and the guarantee fund 50,000*l.*

The proprietors of the Commercial Bank of London

held their ninth annual meeting on the 30th of June, 1849, when a report and balance sheet were submitted by the directors, by which it appeared that the paid-up capital was 128,280*l.*; that the amount in deposit was 541,804*l.* 3*s.* 5*d.*; that the annual dividend on the paid-up capital amounted to 7,696*l.* 16*s.* being at the rate of six per cent. per annum; and that the amount of the guarantee fund was 20,014*l*, 19*s.* 9*d.*

We now propose to advert to the failure of two joint stock banks, arising entirely from ignorance of the true principles of banking, and accompanied in one instance with the grossest mismanagement; but, before we proceed to enter into particulars which are now matters of history, we shall lay before our readers a portion of the first report of the provisional directors of the Northern and Central Bank; and, by comparing such report with the actual results of their operations, it will at once appear what little regard was paid to the principles on which the bank was founded.

"Distinguished names have often patronized the most ruinous schemes, and the best concocted plans have as frequently been crippled, or rendered abortive, by the injudicious measures of those who managed them. In the Northern and Central Bank of England, theory, however plausible or imposing, is wholly excluded. Its system is a tried and approved one; under effective management it cannot fail to have a most salutary influence on the capital, agriculture, commerce, manufactures, and labour of the country; and the public have given unequivocal proof of their determination to adopt and foster it. Suffice it to say, that the prospectus of the Northern and Central Bank of England was issued without name or influence, other than its declared objects and principles. Never, from the moment of its being projected to the present, did they ever swerve from the most rigid principles of indepen-

dence, by direct or indirect efforts, to appease hostility, to conciliate rival companies, or to obtain the influence of the press; and yet, within seven days, the company was formed; within three weeks the appropriation of shares had to be limited by the probable banking business of applicants; and, within a month, the labours of the committee were at an end, and merged for ever in the formation of a banking company that extends over the first agricultural, commercial, and manufacturing district in the world.

"Such is the influence, such are the effects, of sound practical principles. The shareholders now assembled will not require a particular exposition of contemplated proceedings: they will confine themselves to the election of seven directors, and in the gentlemen elected they will confide for the successful extension of the company, the development of its measures, and the completion of its arrangements."

This apparent purity of intention, however, had to be tested. It is one thing to describe the advantages of a system, and another practically to carry out that system; and this bank furnishes a memorable instance of the truth of this doctrine.

By the examination of witnesses before a Committee of the House of Commons on joint stock banking in 1837, it appeared that the Northern and Central Bank of England was established in January, 1834, with a nominal capital of 1,000,000*l.*, divided into 100,000 shares of ten pounds each; and that before the commencement of business, nay, even before the directors were chosen, 35,000 shares were subscribed for, and by June, 1836, 71,186 shares had been subscribed for, and the number of parties who had signed the deed of settlement was 1200. The total amount of capital paid up was 700,000*l.*; there was also 800,000*l.* in deposit at interest, and a note circulation amounting to

300,000*l.*; yet, in the month of December, 1836, they had only 140,000*l.* in bills and 24,000*l.* in cash.

By the statement relative to the advances by the Bank of England to the Northern and Central Bank, delivered to the Committee of the House of Commons in 1837, it appears that after having taking possession of such securities as remained, the directors of the bank proceeded to investigate the affairs of the Northern and Central Bank.

On the debts due to the company it would be improper to remark; but one fact must be noticed, viz., the great proportion of shareholders among the debtors. Of fifty-two accounts due at Manchester, the balances on which exceeded 2000*l.* each, thirty-five were due by shareholders; and of twenty-nine principal debtors at Liverpool twenty-one were shareholders. When at a later period of the investigation the Directors of the Bank of England deemed that a Committee of Inspection should be appointed from among the shareholders not being debtors or in any way connected with the directors, it was stated "it would be difficult, if not impossible, to form such a committee."

The qualification for a director was 100 shares; but it appears that they took 1000 shares, and, instead of paying the call to the bank, the directors and their nominees were severally debited with the amount in a private ledger, which was locked, and the key deposited with the chief accountant.

In addition to this, each director had a current account with the bank, and many of them had overdrawn their accounts to a very large amount. Nor was this all; for it further appeared that many of them were indebted in large sums of money on notes of hand, which, being placed to the account of securities, did not appear in the books as a debit against the directors.

Upon combining these several items of debt, it was ascertained that there was no less than 290,000*l.* due

by the directors, and that there was nearly 24,000*l.* due by the managers and clerks. Of the debts due by directors, 35,000*l.* was paid off while the directors of the Bank of England remained at Manchester, reducing the total amount of debts due by directors to 255,000*l.*

Ultimately, the committee of management appointed in place of the directors were enabled, with the assistance of the legislature, to recover 1,400,000*l.* of the debts due to the concern; and the last intimation received of the fate of this unfortunate bank was, that it was likely the shareholders would lose ten shillings in the pound, but that the public would be paid in full.

In closing our account of this bank, we have only to remark that the very rapid decline of the Northern and Central Bank, after the flourishing official reports respecting its success, which held out "that it was morally impossible that a bank constituted on a basis wide and solid as that could ever fail, and that the slightest appearance of its embarrassment would be the immediate signal gun for immense assistance being poured in," shows how little reliance is to be placed upon the most positive and apparently authentic assertions on such subjects.

The other joint stock bank we refer to was the Norwich and Norfolk Joint Stock Bank, the management of which was vested exclusively in three or four hands. On the stoppage of this bank there was no loss to the public or the proprietors: the debts due to the company which might be considered as bad amounted to more than 25,000*l.*, the amount of loss which, according to their deed of settlement, was to dissolve the company. The directors, having established a business, thought the best course was to sell it to a new company, which they did for a premium of 20,000*l.* determining to make up the deficiency out of their own pockets.

The failure of these and other joint stock banks has

given occasion to the opponents of the system to decry it in every possible way; but if there has been any loss it has evidently fallen in the right place, on the proper parties, who with views of profit became partners in establishments not adapted to realize it, or who neglected to exercise that control and vigilance over the management without which the desired result could not be attained.

They made erroneous calculations, or trusted the issue to chance, or confided where confidence was not due, and have no right to complain of any body but those individuals who may have deceived them. If they had become partners in any mercantile concern and been equally supine or misjuding, they would probably have encountered a similar disaster.

"Men who grasp at profit must run the risk of loss."

If this country should happily remain at peace, we may look forward to the time—and that not a distant one—when our commerce and manufactures will be doubled, and, as the increase of circulating capital and credit will be chiefly supplied through joint stock banks, it becomes a matter of great importance that they should be established upon such principles as will admit of their unlimited extension with perfect safety to the country.

When the joint stock banks are placed on a sound footing, it will be necessary that a good understanding subsist between them and the Bank of England: for they will become powerful enough to draw out every sovereign from the Bank; and, if any occasion should arise to induce them to do so, the Bank of England would be quite at their mercy. This power, combined with the vast political influence which they must ultimately possess, will enable them to exercise a very dangerous control over both the Bank of England and the government.

If a proprietor in a joint stock bank is desirous of disposing of his shares, such sale is usually effected by a share-broker, who, after securing a purchaser, gives notice to the bank as follows:

"London, the day of 184

"To the Directors of Banking Company.

Gentlemen,

Please to prepare the necessary document for transferring shares from the name of to the consideration for which shares is £

Broker,

of

Should the Directors approve of the proposed shareholder, the deed of transfer is made out according to a printed form prepared by the Bank. Such transfers are liable to a stamp duty according to the following scale.

	£	£	s.	d.
When the purchase money is under	20	0	10	0
For £20 and under	50	1	0	0
50	150	1	10	0
150	300	2	0	0
300	500	3	0	0
500	750	6	0	0
750	1,000	9	0	0
1,000	2,000	12	0	0
2,000	3,000	25	0	0
3,000	4,000	35	0	0
4,000	5,000	45	0	0
5,000	6,000	55	0	0
6,000	7,000	65	0	0
7,000	8,000	75	0	0
8,000	9,000	85	0	0
9,000	10,000	95	0	0

The latest Act in reference to joint stock banking is the 7 & 8 Vic. cap. 113, entitled "An Act to regulate Joint Stock Banks in England," and, as the provisions of this Act introduce for the first time several stringent

regulations in respect to all future joint stock banks, we propose to give an abstract of the material parts of the Act.

No joint stock bank, established after the 6th of May, 1844, to carry on the business of banking unless by virtue of letters patent granted according to this Act; but companies previously established not to be affected thereby.

The formation of all future joint stock banks to be by petition for a charter to the Crown, and the deed of partnership to be prepared according to a form to be approved by the Lords of the Committee of Privy Council for Trade and Plantations. Such deed must be executed by the holders of at least one half of the shares in the proprietary stock, the shares to be 100*l.* each, and the minimum amount of the capital to be 100,000*l.* No company to be permitted to commence business until the deed be executed, all the shares subscribed for, and at least one half the amount paid up.

When the capital is paid and the other conditions are fulfilled, letters patent will be granted incorporating the shareholders as one body politic and corporate, by such name as shall be given to them in and by the said letters patent, and by that name they shall have perpetual succession and a common seal, and shall have power to purchase and hold lands of such annual value as shall be expressed in such letters patent; and such letters patent shall be granted for a term of years not exceeding twenty years, and may be made subject to such other provisions and stipulations as to her Majesty may seem fit.

Incorporation of the shareholders in the bank not to limit their liability for all the dealings, covenants, and undertakings of the company: the liability of all persons to continue three years after they cease to be shareholders.

Three months after the granting of letters patent, and before the commencement of active operations by the bank, an account or memorial of the true title or firm of the company, and also the names and places of abode of all the members of such company, as the same appear on the books, and also the name and place of abode of every director, manager, or other like officer of the company, shall be delivered to the Commissioners of Stamps and Taxes at the Stamp Office in London, and a similar return every year between the 28th of February and the 25th of March, while the business of banking is continued to be carried on.

There are other regulations, such as power to make and enforce calls, forfeiture of shares, &c. &c. of the usual Act of Parliament phraseology, which it is needless here to recite.

The framers of the above Act appear to have had in view the entire suppression of all attempts to establish future joint stock banks, or they never would have passed such very stringent clauses. We are borne out in this assumption by the fact, that no new joint stock bank has been established since the passing of the Act.

The following are the principal heads of the sections of a deed of settlement of a joint stock bank divested of their legal phraseology.

Introductory clauses.

Date of deed.

Parties to deed.

Recital of agreement to become a banking company.

Appointment of officers.

The parties mutually covenant each other.

1. Title of the company.

2. Capital declared.

3. Number of shares of the parties, together with their places of abode, to be written opposite their names.

4. Number of shares allowed to be held by one shareholder.

5. Payment of instalments and future calls.

6. Power to return unemployed or useless capital.

7. Calls on future subscriptions.

8. Shares to be forfeited on non-payment of calls.

9. Directors may remit forfeiture.

10. When shares vested in two or more persons, one to be appointed to vote.

11. No benefit of survivorship, except as to shares vested in joint tenants, and shares to be considered personal estate; profit and loss to be divided among the shareholders in proportion to their shares.

12. Nature of business to be transacted.

13. Business to be under the control of the directors.

14. Declaring the present directors.

15. Qualification of directors.

16. Meetings of directors, and number necessary to form a board.

17. Chairman to be appointed.

18. Power to the directors to purchase, erect, or take suitable offices, and insure them against fire.

19. Power to board of directors to appoint managers and other officers and clerks, and determine the amount of security to be taken from each.

20. Directors to appoint public officers for the purpose of suing and being sued, and also to appoint trustees and auditors.

21. A discount bill committee to be appointed, with power to make advances.

22. Proper books to be kept and balanced twice a year.

23. Annual general meetings fixed.

24. The publication of the assets and liabilities of the company once at least every month.

25. Auditors to make a yearly report and balance sheet and profit and loss account to every shareholder.

26. Appointment of chairman at general meetings, and mode of voting.

27. No shareholder to be allowed to vote if calls unpaid.

28. Special general meetings may be called by —— shareholders.

29. If —— shareholders do not attend, meeting may be adjourned.

30. Minutes of proceedings to be entered in a book.

31. Surplus fund to be formed from the amount of profits.

32. Dividends to be declared half-yearly.

33. Notice of dividends to be given.

34. Dividends and bonuses not claimed in six months from their declaration to go to the account of the unclaimed dividend fund.

35. Mode of directors retiring from office, and electing new directors.

36. List of persons qualified to be directors to be exhibited in the cashier's office in the bank.

37. Directors to testify acceptance of office, and on neglect interim directors to be appointed.

38. Directors and all other officers of the bank to sign a declaration of secrecy.

39. Directors may resign.

40. Directors and manager may be removed.

41. Power to the directors to appoint sub-committees.

42. Power to the directors to compound for stamps.

43. Directors may make by-laws.

44. Directors may authorize officers of the bank to sign notes and other documents.

45. List of shareholders to be kept, and from time to time amended.

46. Directors may establish branch banks.

47. Board of directors to have the control over all actions brought against the public officer.

48. Power to board of directors to commence legal proceedings against any person or persons, whether shareholders or not.

49. Power to the directors to submit to arbitration, to compound debts, and sign bankrupt certificates.

50. General power to the board of directors to invest surplus funds, and to change securities.

51. The nominal holders of shares to be deemed the real owners, the company not to be affected by trusts.

52. For preventing the company from purchasing any shares, or making advances to any person on the security of the shares.

53. Power to shareholders to sell their shares after ——— date.

54. Directors to determine form of transfer.

55. Shareholder's certificate.

56. Shareholders permitted to inspect books.

57. Husbands, executors, administrators, legatees, guardians, committees, and assigns, may receive dividends due at marriage, death, bankruptcy, or lunacy, of those they represent.

58. Husbands, executors, administrators, legatees, guardians, or committee, to be admitted shareholders on signing their consent to become so.

59. The title of transferees and of representatives becoming shareholders forfeited by not executing or acceding to the deed.

60. Shareholders not required to execute more than once.

61. Shares to be forfeited by non-execution of deed after notice.

62. Power to board of directors to sell shares.

63. Power of general meetings to increase capital, remove directors, repeal or confirm laws.

64. Power of boards of directors to call extraordinary meetings.

65. Receipts of trustees in whom shares are vested to be good discharges.

66. Securities and investments to be under the control of the directors and trustees, who, if required, shall execute a declaration of trust.

67. Receipt of the company's trustees or directors, consisting of not less than three, to be a good discharge.

68. Mode of appointing trustees.

69. Indemnity-clause to directors.

70. Disputes to be referred to arbitration.

71. Company to be dissolved when surplus fund and ——— part of the paid-up capital shall be absorbed and lost.

72. Company may be dissolved by two-thirds in number and value of shareholders.

73. Notice to shareholders, how to be given.

74. Construction of language of deed.

75. Deed to be enrolled.

76. Power of attorney to execute duplicate.

77. Conclusion.

CHAPTER IX.

ON IRISH BANKING.

Flourishing state of Ireland in the time of James the First—Injurious Restrictions on the Trade of Ireland—The Woollen Manufactures of Ireland suppressed by the English Government—Affecting address from Ireland to England on the Commercial Restraints of the former—Absenteeism, a crying evil in Ireland—Coining of Irish Money in the reign of King John—Shameful Depreciation of the Currency by King James the Second—Another attempt made to lessen the value of the coin by Wood—Dean Swift and Drapier's Letters—The principal Merchants in Dublin petition the Irish House of Commons for permission to establish a Bank in 1695—Its rejection—Another attempt in 1720 to form a Bank alike unsuccessful—Curious Resolutions passed by the Irish Parliament on rejecting this Bank—On the Laws of Partnership in Ireland—Absurd Legislative Restrictions imposed on Bankers—Some account of the Failure of several Irish Banks previous to the formation of the Bank of Ireland—Abstract of the Act establishing the Bank of Ireland—The Bank purchase the Parliament House—A Description of the same—Profits of the Bank of Ireland—Opposition of the Bank to the formation of Joint Stock Banks—Signal instance of their hostility to a Bank—The burning of Beresford's notes—*Monts de Pieté*—Loan Societies—Pawning money—Issues of I. O. U.'s—The Killarney Banker and the saddle—Disgraceful state of the Banking interest—Irish Banks and Joint Stock Banks—The Bank of Ireland and the Provincial Bank.

BANKING in Ireland has partaken of many of the injurious restrictions which from the history of that ill-fated country appear to have attended most of its institutions from the highest to the lowest. It is, however, difficult to trace any system of banking in Ireland previous to the Restoration, at which period the inhabitants of Ireland were of three different nations—Irish, English, and Scotch, with a few French and Spanish.

The land of Ireland had changed ownership to a considerable extent during the reigns of Elizabeth and James the First, and still more under Cromwell. He parcelled out an immense proportion of the kingdom to

the officers of his army, the ancestors of great numbers of the present possessors, who now inherit estates which are worth from twenty to thirty thousand pounds per annum, and who still go by the name of Cromwellians.

Sir John Davis, who lived in the time of James the First, and who filled many important posts in Ireland, in his account of that country mentions its prosperous state at that period, and that "the revenues of the crown, both certain and casual, had been raised to a double proportion." He states, "that this was effected by the encouragement given to maritime towns and cities, as well to increase the trade of merchandize as to cherish mechanical arts," and that the consequence resulting therefrom was, "that the strings of this Irish harp were all in tune."

But this happy state of things was soon destined to receive a shock, from the effects of which Ireland has never yet recovered, and perhaps never will recover.

In the year 1663, the distinction between the trade of England and that of Ireland, and the restraints on the trade of the latter, commenced. By an Act of the English Parliament, the 15th Charles II., entitled "An Act for the Encouragement of Trade"—a title not very applicable to that portion of it relating to Ireland—besides fixing a duty, nearly equal to a prohibition, on cattle imported into England from Ireland, prohibited the exportation of all commodities excepting victuals, servants, horses, and salt, from the 25th of March, 1664. The exports allowed were useful to England but prejudicial to Ireland, as they consisted of their people, their provisions, and a material for manufacture which they might have used more profitably in their own country.

The English, however, were pleased to accept 30,000 head of cattle sent as a gift from Ireland to the sufferers in the great fire of London; and the first day of the session, after this act of munificence, the Parliament

passed fresh acts of exclusion against the productions of that country!*

Sir William Temple takes notice of the circumstances prejudicial to the trade and riches of Ireland, which had hitherto, he says, "made it of more loss than value to England without these circumstances." This accomplished, honest, and able statesman continues: "The native fertility of the soils and seas in so many rich commodities, improved by multitudes of people and industry, with the advantage of so many excellent havens, and a situation so commodious for all sorts of foreign trade, must needs have rendered this kingdom one of the richest in Europe, and made a mighty increase both of strength and revenue to the crown of England"

The woollen manufacture had been carried on for many ages in Ireland, and every possible encouragement was given to it by many Acts passed both in the English and Irish parliaments. The former included a period from the reign of Edward the Third to the 12th of Charles the Second. Several of these Acts were for the express purpose of encouraging exportation. The letter of King Charles the Second, in 1667, with the advice of his Privy Council in England, and the proclamation in pursuance of that letter, is perhaps the most important.

The statutes of the Irish Parliament are those of the 13th of Henry VIII. cap. 2; 28 Henry VIII. cap. 17; of the 11th of Elizabeth, cap. 10; and 17th and 18th of Charles II. cap. 15; all of which—the Act of 28 Henry VIII. excepted—received the approbation of the Privy Council in England, affording as strong grounds for the assurance of a continuance of any trade or manufacture as any country could possibly possess.

Yet, notwithstanding these solemn Acts of the Legislature, we find the English Parliament passing an Act,

* Edinburgh Review, 1824.

the 10th and 11th William III. which operated as a total prohibition of the woollen manufacture of Ireland. Sir Robert Walpole is reported to have told the Irish Chancellor, that the jealousies entertained in England of the woollen trade of Ireland, and the restraints on that trade, had at first been caused by the boasting of some Irishmen in London of the great success of that manufacture in Ireland. Whatever was the cause, both Houses of Parliament in England addressed King William in very strong terms on this subject; and as these proceedings were of great importance we extract from the Journals of the House of Lords a portion of their address to the King. They represent "that the growing manufacture of cloth in Ireland, both by the cheapness of all sorts of necessaries for life and goodness of materials for making all manner of cloth, doth invite your subjects of England with their families and servants to leave their habitations to settle there, to the increase of the woollen manufacture of Ireland, which makes your loyal subjects in this kingdom very apprehensive that the further growth of it may greatly prejudice the said manufacture here, by which the trade of the nation and value of land will very much decrease, and the numbers of your people be much lessened here." They then beseech His Majesty "in the most public and effectual way that may be, to declare to all your subjects of Ireland, that the growth and increase of the woollen manufacture hath long and will ever be looked upon with jealousy by all your subjects of this kingdom, and, if not timely remedied, may occasion very strict laws totally to prohibit and suppress the same; but that if they turn their industry and skill to the settling and improving the linen manufacture, for which generally the lands of that kingdom are very proper, they shall receive all countenance, favor, and protection from your royal influence for the encourage-

ment and promoting of the said linen manufacture, to all the advantage and profit that kingdom can be capable of."

In answer to this address, the King stated, that he would take care to do all in his power to discourage that manufacture, adding, as a mitigation of a declaration so iniquitous, that every encouragement should be afforded to the linen manufacture. The former part of this promise was rigidly adhered to, the latter disregarded.

This proceeding on the part of the English government towards Ireland was looked upon as a most arbitrary Act; and, as if the promoters were ashamed of their proceedings, no parliament was held in Ireland until the year 1703, when the Irish House of Commons laid before the Queen a most affecting representation, containing, to use their own words, "a true state of our deplorable condition:" in short, the Journals of the Commons throughout the whole of Queen Anne's reign afford abundant evidence of the great distress of the Irish people, which can be traced to no other source than that of their being deprived of their staple manufacture.

The following are a few of the various remedies for the improvement of the trade of Ireland, recommended by Sir William Petty, in a report to the Lord Lieutenant:—

"That application be made to England to restore the trade to the plantations and between the two kingdoms, and particularly that of cattle.

"That endeavours be used in England for the union of the kingdoms under one legislative power, proportionably, as was heretofore successfully done in the case of Wales.

"For reducing interest from ten to five per cent., for disposing moneyed men to be rather merchants than

usurers, rather to trade than purchase; that a bank of land be forthwith contrived and countenanced, &c. &c.

"From all which, and from the settlement of estates, it is to be hoped that men, seeing more advantage to live in Ireland than elsewhere, may be invited to remove themselves hither, and so supply the want of people, the greatest and most fundamental defect of this kingdom."

This report was received with that respectful attention which the author so eminently deserved; yet no attempt was made at that time to carry out its recommendations: Ireland was left to suffer all the mortification of a neglected and conquered country.

"Ireland," says the Earl of Essex, who was Lord Lieutenant in 1673, "has been perpetually rent and torn since his Majesty's restoration. I can compare it to nothing better than the flinging the reward on the death of a deer among the packs of hounds, where every one pulls and tears where he can."

It might naturally be supposed by a person not conversant with the History of Ireland, that in the seventeenth century there had been some offence given or that there was some demerit on the part of Ireland: he will be surprised to hear that during this period her loyalty had been exemplary, and her sufferings on that account great. The dilemma in which the people found themselves placed at the Revolution was not the least perplexing and cruel: if they were loyal to their King *de jure* they were hanged by the King *de facto;* and if they escaped with life from the King *de facto,* it was but to be plundered by the King *de jure* afterwards.*

The following extract from an address from Ireland to England on the commercial restraints of the former

* Edinburgh Review, vol. xxxvii.

describes in touching language the situation of the people at this period:—

"The common parent of all has been equally beneficent to us both: we both possess in great abundance the means of industry and happiness. Our fields are not less fertile, nor our harbours less numerous, than yours. Our sons are not less renowned than your own for valour, justice, and generosity. Many of them are your descendants, and have some of your best blood in their veins. But the narrow policy of man has counteracted the instincts and the bounties of nature. In the midst of those fertile fields, some of our children perish for want of food, and others fly for refuge to hostile nations.

"Suffer no longer, respected sister, the narrow jealousy of commerce to mislead the wisdom and to impair the strength of the state. Increase our resources, they shall be yours; our riches and strength, our poverty and weakness, will become your own. What a triumph to our enemies, and what an affliction to us, in the present distracted circumstances of the empire, to see our people reduced, by the necessity of avoiding famine, to the resolution of trafficking almost solely with ourselves! Great and powerful enemies are combined against you; many of your distant connexions have deserted you; increase your strength at home, open and extend the numerous resources of our country, of which you have not hitherto availed yourself or allowed us the benefit.

"Our increased force, and the full exertions of our strength, will be the most effectual means of resisting the combination formed against you by foreign enemies and distant subjects, and of giving new lustre to our crowns, and happiness and contentment to our people."

Next to the restrictions on trade, absenteeism appears to have been a crying evil in Ireland for many centuries;

indeed the very term derives its origin from the anomalies of Ireland. Dr. Johnson says, "It is a word used commonly with regard to Irishmen living out of their country;" and he quotes a passage from Sir John Davis's account of Ireland, in which reference is made to a statute passed against absentees in the third year of Richard the Second. He also quotes a sentence from Sir Josiah Child's Discourse on Trade, in which it is asserted that a great part of the estates in Ireland are owned by absentees, and such as draw over the profits raised out of Ireland, refunding nothing.

In the year 1729, a publication appeared styled a "List of Lords, Gentlemen, and others, who, having estates, employment, and pensions in Ireland, spend the same abroad." This list is divided into three classes, comprehending those who live constantly abroad, and who seldom or ever visit Ireland; those who visit Ireland occasionally, remaining a month or two, and others who, although residents in Ireland, are occasionally absent either for health, pleasure, or business. The total amount of annual income derived from, but spent out of, Ireland, was calculated at 621,499*l.* 3*s.*!

As the circulating medium of Ireland was at that period principally confined to the precious metals—for banking had made little progress beyond the capital—whenever the proprietors of the soil, not resident on the spot, received their rents, they were to some extent remitted in coin.

The balance of trade between England and Ireland being almost always in favour of the former, it followed as a matter of course that the stock of gold and silver would gradually decrease. The total amount in circulation prior to the Revolution was estimated at 800,000*l.*, and about the period when the above list was published it did not exceed 400,000*l.*

The first certain account of the coining of money in

Ireland is in the reign of King John, in the year 1210. This prince caused pennies, half-pennies, and farthings, to be coined and made current by proclamation. Further coins were struck by Henry III. and Edward I.; the latter was the first who added the title of *Dominus Hiberniæ* to that of *Rex Angliæ* on his Irish coins, and, on the reverse, instead of the mintmaster's name, the place where coined. This coinage consisted of groats, half-pence, and farthings. The first important alteration as to the value was in the latter part of the reign of Edward III., who caused the ounce of silver to be cut into twenty-six deniers or pennies instead of twenty, as before, which was precisely the same depreciation of eight and one-third per cent. in the Irish, as compared with the British, currency prior to the year 1825.

Henry VI., or rather the Duke of York his lieutenant in Ireland, had mints in Dublin and Trim, in which both silver and copper were coined. In the beginning of the subsequent reign of Edward IV. the value of the silver coins was raised to double its previous amount: the consequence was an enormous increase of price in all the necessaries of life, to remedy which the Irish Parliament enacted "that the Master of the Mint should strike five kinds of silver coins—the gross or groat, the demi-gross, the denier or penny, the demi-denier, and quadrant or farthing; eleven groats to weigh an ounce troy, and each groat unclipped to pass for four pence. A very few years afterwards the price of silver was again raised so excessively that the difference between the Irish and English groat was full fifty per cent. in a pound of bullion.

Elizabeth ordered the ounce of silver to be cut into sixty pennies, so that that denomination of coin was reduced in weight from the twentieth to the sixtieth part of an ounce.

The Irish shilling—or harp as it was called, from

the impression on its reverse—was worth nine pence English. By a proclamation issued in the 5th James I., the same proportion of value was continued.

In 1613 English money was current in Ireland at an increased value, the five-shilling crown-piece passing for six shillings and eight pence, and the other coins in proportion.

In 1690 James II. depreciated the value of the coin by the issue of pieces of base metal, which he coined out of old cannon, &c., and which passed current infinitely above their intrinsic value.

It appears in Archbishop King's "State of the Protestants of Ireland," that the metal this money was made of was a mixture of old guns, old broken bells, old copper, brass, and pewter, taken from the dwellings of the absentees, old kitchen furniture, and the refuse of metals melted down together, and valued by the workmen in the Mint at no more than three or four pence the pound weight; but when coined into sixpenny, twelvepenny, and half-crown pieces, and made current, passed at the rate of five pounds sterling the pound weight; and subsequently a pound weight of this metal passed at the rate of ten pounds sterling per pound weight.

The total weight of the metal was 389,724*lb.* 2*oz.* 10*dwt.* and it was minted into coins representing 1,596,799*l.* 0*s.* 6*d.*; and if we add to this sum what was produced by doubling the amount of the half-crowns to five shillings, it will make a gross total of 2,163,237*l.* 9*s.* the produce of 6,495*l.*, the real value of the metal.

The hardships all ranks must have been exposed to by this infamous project may easily be conceived. On the accession of William, however, this coin was suppressed.

Not many years after the above extraordinary stretch of regal prerogative, another, equally as monstrous in

its design, but not so fortunate in its result for the projectors, was frustrated by the universal opposition it encountered.

In the year 1724, a patent was granted to a person of the name of Wood, an Englishman, to coin halfpence and farthings to the amount of 300,000*l.* for circulation in Ireland. In this affair, Wood is said to have acted very dishonestly, inasmuch as the pieces of brass coin passing as the value of one shilling were not worth a penny. Great quantities of this inferior coin were sent to Ireland; and it was used not only in change, but accounts were likely to be paid in it, so that dangerous consequences seemed likely to ensue.

The Irish parliament, in an address to the Crown, represented that they were called upon by the country to lay before his Majesty the ill consequences of Wood's patent; and that it was likely to be attended with a diminution of the revenue and the ruin of trade.

The same was set forth in an application made to the King by the Privy Council. In short, the whole nation seem to have united their efforts in order to remedy an evil of such dangerous tendency, the effects of which already began to be felt.

Among the controversial pieces which appeared on this occasion, those of Dr. Swift, the celebrated Dean of Saint Patrick, were particularly distinguished. His "Drapier's Letters" are to this day held in grateful remembrance by his countrymen; but he was in danger of suffering deeply in the cause. He had taken great pains to explain an argument used by the Irish on this subject, that brass money, being illegal, could not be forced upon the nation by the King without exceeding the limits of his prerogative. Hence the opposite party took occasion to charge the Irish with a design of casting off their dependence on Great Britain altogether. Swift, having examined the accusation with freedom,

pointed out the encroachments made by the British Parliament on the liberties of Ireland, and asserted that any dependence on England, except that of being subjects of the same king, was contrary to the law of reason, nature, and nations, as well as to the law of the land. This publication was so disagreeable to the government, that a reward of 300*l.* was offered for the discovery of the author; but, as nobody could be found who would give him up, the printer was prosecuted in his stead; but, to the mortification of the ministers, was, by a jury of his country, unanimously acquitted.

Soon after this, the British government, finding that they could not stem the torrent of opposition to Wood's coin, withdrew the patent.

Ireland, at this time, was admirably adapted to be the scene of every kind of political imposture and intrigue. She was miserably governed; her interests were seldom, if ever, consulted, and generally sacrificed either to the interests of England, or—what was worse and more provoking—to the interest of such individuals as the British ministry wished to oblige. The viceroy went over only once in two years; the effectual power was with the Lords Justices, and their time and thoughts were mainly occupied in forwarding the plans of the British cabinet, and promoting their own private interests.

Almost simultaneously with the establishment of the Bank of Scotland, in the year 1695, many individuals, composed of the principal merchants in Dublin, met together for the purpose of forming a public bank for Ireland, on the model of the Bank of England. On the 17th of September, 1695, they presented a petition to the House of Commons, on behalf of themselves and others, setting forth that—

"Whereas the substance of this city and kingdom, as well as the particular stock of the petitioners, are mise-

rably wasted by the late intestine war, and also by the unhappy consequences thereof, and other causes arising from the present war and the laws of England, the money and specie of the kingdom are drawn and quite drained from us, so that for want of ability to prosecute any trade outward the whole product of our land is but of very mean and low amount; and whereas the petitioners being now to begin the world anew, and having, by a wonderful Providence, a government now so propitious and happy, yet, under a necessity, according to the example of states and cities, to make use of a fund of credit to supply the want of coin in this city and kingdom, the petitioners doubt not but it would be for a general good and of great service to his Majesty; and because this is the metropolis, the seat of government, and exchange of the kingdom, therefore the printed proposals for a perpetual fund, or bank, in Dublin, for improvements both of land and traffic, &c., &c., are humbly submitted to the wisdom and recommended to the favour of the House, to the end that the subscriptions thereunto may the better proceed and be consummated: and, forasmuch as the money will be difficult to be subscribed but through the encouragement of the House, and that the fund in London on which the bank thus created is by Act of Parliament free from all taxes, therefore humbly praying that, for encouragement to all subscribers unto the said fund, the proposals may have the approbation of the House, and that the said fund may be freed from all taxes, and be hereafter encouraged with such privileges and immunities as to the House shall appear to be fit and reasonable."

From the wording of the memorial, the petitioners were evidently sanguine of success; but their petition, after undergoing considerable discussion in the House, was referred to the Committee of Trade, with instructions to examine into and report thereon to the House;

but it does not appear that they made any report, or that any further notice was taken of the matter.

After the Bank of England had fully established itself in public favour, had overcome all the difficulties under which it had laboured at its commencement, and had carried on its business for nearly thirty years, the revival of the question of a public bank for Ireland was looked upon in a favourable point of view.

On this occasion the subject was taken up by parties even more respectable than those whose petition the House of Commons had vainly referred to the Committee of Trade.

In the latter part of the year 1720, a memorial was presented to the Lords Justices from James Earl of Abercorn and others, petitioning to be permitted to erect a public bank in Ireland; they also petitioned the King on the same subject.

On the 17th January, 1721, the Lords Justices addressed a letter to the Lord Lieutenant respecting the above application for liberty to erect a bank. A report was made to the King in council upon the same subject, who immediately addressed a letter to the Lord Lieutenant authorising him to grant a commission and charter to erect a bank.

The Irish House of Commons met on the 12th of September, 1721, and was addressed by the Lord Lieutenant, the Duke of Grafton, who, among other things, said, "As an instance of His Majesty's readiness to contribute all in his power to so desirable an end (his lordship alluded to the improvement of trade), he had been graciously pleased, upon the application of several considerable persons in this kingdom, to direct that a commission be passed under the great seal of Ireland for receiving voluntary subscriptions in order to establish a bank.

" As this is a matter of general and national concern, His Majesty leaves it to the wisdom of Parliament to

consider what advantages the public may derive by erecting a bank, and in what manner it may be settled upon a safe foundation, so as to be beneficial to the kingdom."

On the 25th of September, 1721, the following documents were presented to the House, and read by the secretary:

A copy of the memorial of James Earl of Abercorn and others to the late Lords Justices, requesting permission to establish a bank.

A copy of the petition of the said Earl of Abercorn and others to His Majesty on the same subject.

A copy of the reference from the late Lords Justices in council to his grace the Lord Lieutenant on the said petition.

A copy of his grace the Lord Lieutenant's report to His Majesty in council upon the reference of the petition for a bank.

His Majesty's letter to the Lord Lieutenant for a commission and charter to erect a bank.

The House of Commons appear to have received the announcement of the Lord Lieutenant and the above documents with a great deal of astonishment. They were no doubt jealous that they had been overlooked, as no petition or membrial of any sort had been, as on the former occasion, presented to them. They, however, addressed the King and the Lord Lieutenant, thanking them in the most humble manner possible for placing the subject of the formation of a public bank in their hands, and they made a show of submission to the will of the Sovereign, as expressed by the Lord Lieutenant, by going into a Committee of the whole House on that part of the speech relating to a bank. On this day, 29th of September, 1721, the House resolved, "That it is the opinion of this Committee that the establishing a public bank upon a solid and good foundation, under proper regulations and restrictions, will greatly contri-

bute to the restoring of credit, and support of the trade and manufacture of this kingdom."

A Special Committee was appointed to prepare the heads of a bill, and on the 9th of December, 1721, the question of a bank for Ireland was settled in the House of Commons; and, as the proceedings of that memorable day form a curious contrast with those of the present, we trust we shall be excused if we give them in detail.

To prevent any other than members of the House being present at the discussion on this bill, it was resolved :

"That the gallery door be locked, and the key brought down and laid on the table:" which having been done,

The House resolved itself into a Committee of the whole House, to take into further consideration the heads of a bill for establishing a bank in Ireland; and after some time spent thereon Mr. Speaker resumed the chair. Sir Thomas Taylor reported that the said Committee had gone through the first enacting paragraph of the said heads of a Bill, and disagreed to the same; which paragraph being read at the table,

"Resolved, That the House do agree with the Committee."

"Resolved, That the said heads of a bill for establishing a bank in Ireland be rejected."

"Resolved, That this House, after long and mature deliberation, cannot find any safe foundation for establishing a public bank so as to render it beneficial to this kingdom;" which being carried in the affirmative, it was then resolved,

"That the erecting or establishing a public bank in this kingdom will be of the most dangerous and fatal consequence to His Majesty's service, and the trade and liberties of this nation.

"That an humble address be presented to His Ma-

jesty, returning His Majesty the most sincere thanks of this House, for his great goodness and condescension in leaving the consideration of establishing a bank in this kingdom to the wisdom of Parliament, assuring His Majesty that this House, after a long and mature deliberation, cannot find any safe foundation for establishing the same, so as to be beneficial to this nation, and representing the humble opinion of this House that the erecting of a bank will be of dangerous and evil consequences to His Majesty's service, and the welfare and liberty of this kingdom: and humbly to beseech His Majesty, out of his tender concern for the good of all his subjects, that he will be graciously pleased to give such directions to prevent the erecting of any bank as His Majesty in his great wisdom and goodness shall think proper."

It was further resolved:

"That if any member of this House, or commoner of Ireland, shall presume to solicit, or endeavour to procure, any grant, or to get the great seal put to any charter for erecting a public bank in this kingdom, contrary to the declared sense and resolutions of this House, he shall incur their highest displeasure, and be deemed to act in contempt of the authority of this House, and an enemy to his country."

Immediately after the decision of the House was known, a jeu d'esprit appeared, entitled, "The last speech and dying words of the Bank of Ireland, which was executed at College Green, on Saturday the 9th instant."

As this publication reflected upon the proceedings of the House, it was not likely, after passing the above resolutions, that it would tamely submit to this indignity. We therefore find the Speaker gravely reading the paper to the House, when it was resolved unanimously:

"That the said printed paper is a false, scandalous,

and malicious libel, highly reflecting on the justice and honour of this House.

"Ordered, That the printer, John Harding, be taken into custody by the serjeant-at-arms.

"Resolved, That a committee be appointed to inquire and find out the author, and report thereon to the House."

The above account is extracted from the Journals of the Irish House of Commons; no further trace, however, can be found of any ulterior proceedings on this question.

The fate of this measure sufficiently indicates the spirit of the Irish House of Commons on the subject of banking. The members seem to have entertained an utter abhorrence of a public bank. The only excuse that can be made for this hostility is, that about this time the celebrated South Sea bubble burst, and involved many of the Irish moneyocracy in its destruction; but, as this was a barefaced and reckless speculation, and not a bank, although they had threatened to annihilate both banks and bankers, it is utterly impossible at this distance of time to account for the strong opposition of the Irish House of Commons, especially as the plan by a resolution of the House had been approved, and had received the sanction, not only of the Privy Council in England, but of the Lord-Lieutenant, who strongly recommended its adoption by the House of Commons.

The above proceeding is an illustration of the truth of the assertion, that we assemble parliaments and councils together for the purpose of profiting by their united wisdom; but at the same time we have the disadvantage of their united passions and prejudices.

The law of partnership in Ireland, which prevented any body of persons from associating together for the purpose of trade, was by a mistaken jealousy strictly adhered to; and it was not until 1745 that any devia-

tion from that law was permitted, when a relaxation was made, but accompanied with such limitations that it was worse than useless.

The Irish Parliament,* in the 15th Geo. II. passed an Act which authorized partnerships to be formed for the purposes of trade and manufacture; but such partnerships were not to exceed nine in number, nor was the capital stock of such co-partnership to exceed, at any time, the sum of ten thousand pounds.

We can trace but few instances in which any advantage was taken of this permission, which was at last found so inconvenient that, by the 11 & 12 Geo. III., cap. 25, it was enacted, "that all contracts and partnerships by writing under the hands and seals of any number of persons for the undertaking and carrying on and completing any canal or inland navigation in the kingdom of Ireland, or for the creating and establishing any joint stock company for assurance against casualties by fire, may, by a common or united stock, to such an amount as by the majority of such partners shall be judged expedient and necessary, carry on such operations, and be exempt from the restrictions of the Act of the 15th Geo. II."

It also provided "that all such subscriptions, shares, and proportion, shall be deemed and taken to be personal property only, and shall not in any way be subject to any of the laws made to prevent the growth of popery."

This second Act was again too exclusive; for it specially provided against the establishment of any public bank, and the last clause sufficiently displays the narrow views of the legislators of that day.

An Act was subsequently passed, 21 and 22 Geo. III.,

* All Acts of Parliament referred to previous to the Union must be considered as Acts of the Irish Parliament, unless specially mentioned to the contrary.

cap. 46, commonly called "The Anonymous Partnership Act," the preamble to which sets forth "that the increasing the stock of money employed in trade and manufactures must greatly promote the commerce and prosperity of the kingdom, and many persons might be induced to subscribe sums of money to men well-qualified for trade but not of competent fortune to carry it on largely, if they were allowed to abide by the profit or loss of the trade for the same, and were not to be deemed traders on that account, or subject thereby to any further or other demands than the sums so subscribed."

Such partnerships might consist of any number of persons who might appoint a person or persons to carry on the business, &c. in whose names, with the addition of "and Company," the business of the partnership might be carried on. The remaining partners were not to be made responsible for more than the amount of the sum or sums of money advanced by them, nor be subject to the bankrupt-laws by reason of their said partnership. The amount of the joint stock fund in no case of partnership to exceed 50,000*l.* in the whole. By the 18th section it is enacted that no co-partnership for carrying on the "business of banking or discounters of money" should be considered as formed under this Act.

If we inquire how it has happened that banking establishments were not sooner formed in Ireland when the success of those in Scotland was of such notoriety, the answer will be found in the absurd legislative restrictions imposed on bankers in Ireland.

The Act 29 Geo. II. cap. 16,* recites that "Whereas the public credit of this kingdom has suffered by bankers trading as merchants, and by frauds committed by the cashiers and clerks of bankers and others; for remedy

* This Act was repealed by the 5th Geo. IV. cap. 73.

thereof, all notes and receipts to be issued by such banker or bankers shall from and after the 1st of July, 1756, contain the name of every person or persons who singly, or jointly with any other, shall carry on the business of bankers, under the penalty of 100*l.* for every offence.

"That no banker, singly or in partnership, shall trade as a merchant, under a penalty of 1000*l.*"

But the most injurious restriction on banking was contained in the 33rd Geo. II., cap. 14. This Act repealed an Act passed in the 8th Geo. I. entitled "An Act for the better securing the Payment of Bankers' Notes, and for providing a more effectual Remedy for the Security and Payment of Debts due by Bankers." The preamble recites, "That, whereas the trade and manufactures of this kingdom are in a great measure carried on and supported by means of promissory notes and accountable receipts given by bankers; and the credit of such bankers and the currency of their notes will be promoted by giving a more effectual security to the creditors of such bankers than they have at present," &c.

This Act gave power to creditors over all conveyances by bankers affecting real estates; and all dispositions, after the 10th May, 1760, by bankers, of real or leasehold interest therein to or for children, were made void as against creditors, though for valuable consideration and though not creditors at the time. No banker to issue notes or receipts bearing interest after 10th May, 1760.

"No person holding any office under government, and entrusted with any portion of the public revenue, shall become bankers, or discount, under a penalty of 20*l.* for every note so issued or bill discounted."

So that, by this law, a person, while he continued a banker, could not make a marriage settlement upon a

son or daughter, a grandson or granddaughter, so as to be good against the creditors even for a valuable consideration, and though such creditors were not creditors at the time the grant was made. In fact, it would appear that this Act of Parliament was framed for the purpose of preventing persons from becoming bankers.

We now propose to give a few particulars in reference to the failure of some of the principal Irish bankers, resulting from the injurious restrictions which prevented a large proprietary establishing themselves as bankers prior to the formation of the Bank of Ireland.

In the year 1700, a bank was opened in Dublin under the title of Burton and Harrison. The latter died on the 3rd of July, 1725, up to which period the bank had acquired considerable credit; and with the profits divided among the partners they purchased very considerable estates in Ireland. By their not keeping a sufficient sum at command to meet the current claims on the bank, there were at the death of Harrison claims on the bank for several thousand pounds more than the funds in hand (which had been considerably lessened by bad debts) could discharge.

Burton, it appears, took his son Samuel Burton and Daniel Falkener into partnership, at which period the debts of the bank, over and above the assets, amounted to the sum of 65,173*l.* 4*s.* 6½*d.* The two Burtons entered into a bond to Falkener in the penal sum of 100,000*l.*, covenanting to pay into the bank within six months the sum so deficient.

This enabled the bank to continue in credit until the 25th of January, 1733, when it stopped payment; but no part of the sum of 65,173*l.* 4*s.* 6½*d.* was paid, although on the failure of the bank Harrison had been dead eight years. All the property he died possessed of, notwithstanding that it had been distributed, was

seized to pay the debts of the bank, as well as those of the surviving partners.

The transactions of this bank must have been of a very complicated nature; for we find that no less than three Acts of Parliament were passed for the benefit of the creditors.

John Mead and George Curtis entered into partnership as bankers under the title of Mead and Curtis, in the year 1716; and in the month of June, 1727, they stopped payment. Their joint estates were of considerable magnitude, as would appear by the proceedings of the creditors, who applied to Parliament for relief. The House of Commons appointed the Chief Justice of the King's Bench, the Chief Baron of the Exchequer, the Attorney and Solicitor-General, two Masters in Chancery, two Aldermen, &c. &c. as trustees.

The Irish House of Commons in this, as in many similar cases, appeared to have assumed the functions of a court of bankruptcy; for by the 5th George II. cap. 23, sec. 17, it states that "After evidence on oath before the trustees by John Mead (George Curtis it appears died during the pending of the proceedings) that he hath made a full and true discovery of all his estate and effects, and that of his late partner, and delivering or causing to be delivered so much as at the time of his examination shall be in his custody or power, all the estate, real or personal, which he shall after the passing of this Act purchase or acquire shall be absolutely freed, exonerated, and discharged of and from all debts due and owing to any of the creditors of Mead and Curtis."

The house of Dillon, Ferral, and Co. was originally established by Theobald Dillon, who carried on the business of a banker for many years under the firm of Theobald Dillon and Son. Theobald died on or about the 17th of May, 1736, up to which period the business had been a very profitable one. On his

death, his son Thomas, the surviving partner, continued to carry on the business under the firm of Dillon and Co. until the 1st of January, 1748, when he took Richard Ferral into partnership. Ferral brought no capital into the concern; but it appears that his name was sufficient to induce many persons to lodge money in the bank. He received from Dillon a guarantee indemnifying him from all risk of loss on account of his joining the bank. We cannot learn what was the exact cause of their failure, which took place on the 6th of March, 1754: we only record it because it was one of considerable magnitude, and caused great loss to the creditors.

The most remarkable failure, not only for its extent, but from the respectability of the parties, was that of the bank kept by the Right Honourable Anthony Malone, the Right Honourable Nathaniel Clements, and John Gore, Esq. This bank was established by the above parties on their joint credit, for the purpose of raising money by loan; and on the 3rd of July, 1758, they opened a house in Dublin for deposits on accountable receipts, engaging to pay them to the bearer in seven days after demand, with interest at the rate of 10*d.* per week for every 100*l.* sterling, to commence three days after the date.

Soon after the commencement of the business of the bank, the deposits came in so rapidly as to surpass the most sanguine expectations of its founders; and, to provide for the interest on the receipts, a great portion of the deposits was lent out at interest after the rate of five per cent. per annum.

A very little time, however, elapsed before the parties who had deposited their money, from some cause or another, which at this distance of time we are unable to discover, became clamorous for its repayment at the expiration of seven days from the day of demand; but the bankers, not being able to make a similar con-

tract, as to the time, with the parties to whom they had lent the money, or, not having taken proper precautions to ascertain the solvency of such parties, were unable to get it back in sufficient time to answer the demands so unexpectedly made upon them. They therefore called a meeting of their creditors on the 15th of November, 1758, after little more than four months' career (but in which time they had received many thousands), promising to pay the depositors by four instalments, with interest after the rate of 5 *per cent. per annum.*

They subsequently agreed to give promissory notes, as bankers, in lieu of the deposit receipts, which notes should bear interest after the rate of *six per cent. per annum.* This proposition was acceded to by the majority of the creditors.

The estates of the three partners, which were of considerable extent and value, involving a variety of interests, were settled upon trustees, who were empowered to sell the same and raise a fund to pay the debts; and, as often as they raised the sum of 5000*l.* or upwards, above the interest on the outstanding notes, which was to be first paid, the residue was to be applied in the payment of the principal of such of the notes and receipts as should be then due.

Every holder of the notes claimed to be paid first, and the mode adopted by the trustees as to who should have the priority of payment was decided by ballot. When the trustees had obtained sufficient funds to pay all the outstanding notes and receipts, the interest thereon, after twenty days' notice by advertisement, ceased.

It does not transpire what was the total amount of the value of the property involved in this failure; but, from the large number of creditors, and their being obliged to apply to the legislature for relief, we should infer that it was very considerable.

For some years after the failure of these banks, there were only three banks remaining in Dublin. They did not discount bills, and, in fact, did little or no business. Public and private credit had been drooping since 1754; and at a general meeting of the merchants of Dublin, in April, 1760, including many of the members of the House of Commons, the impossibility of carrying on business was universally acknowledged, not from the want of capital, but from the stoppage of all paper circulation, and the refusal of the remaining bankers to discount the bills of even the first houses. In a petition to the House of Commons, they set forth "the low state to which public and private credit had been of late reduced in this kingdom, and particularly in this city, of which the successive failures of so many banks and of private traders in different parts of the kingdom in so short a time as since October last, were incontestable proofs." The petitioners further state that they have in vain and "repeatedly attempted to support the sinking credit of the nation by associations and otherwise, and are satisfied that no resource is now left but what may be expected from the wisdom of Parliament, to avert the calamities with which this kingdom is at present threatened."

A Committee of the House of Commons, to whom this petition was referred, reported that the quantity of paper circulating was not sufficient to support the trade and manufactures of this kingdom, and that the House should engage for each of the three subsisting banks in Dublin, to the amount of 50,000*l.* to the 1st of May, 1762; and that an address should be presented to the Lord Lieutenant to thank his grace for having given directions that bankers' notes should be received as cash from the several subscribers to the loan, and that he would be pleased to give directions that their notes

should be taken as cash at the Treasury, and by the several collectors for the city and county of Dublin.

"The Gentleman and Citizen's Almanack" of 1767, published in Dublin, enumerates the different Irish banks then in existence, from which the following is an extract:—

BANKERS IN IRELAND.

Dublin.

Messrs. Thomas Finlay, A. I. Nevill, Ben Gease, and John Hunt, Upper Ormond Quay.

Messrs. William Glendowe and Co. Castle-street.

Messrs. David Latouche and Son, Castle-street.

Messrs. Sir George Colebrooke, Bart. and Co. Mary's-abbey.

Hours of attendance from 10 to 3.

Cork.

Messrs. Rogers, Travers, and Sheares, Hamon Marsh.

Messrs. Folkiner and Mills, near the Custom House.

Their hours of attendance from 10 to 12, and from 4 to 6; and on Tuesdays and Fridays at 5 in the evening for post business only. Their holidays are, January 1, Good Friday, Easter Monday and Tuesday, Whit Monday and Tuesday, December 25, 26, 27, and 28.

Waterford.

Alderman Simon, Newport.

We have now arrived at that period of our history of Irish banking when the minds of men in Ireland appear to have undergone a great change in reference to our subject, and it required very little influence to prevail on the legislature to sanction the formation of a public bank.

The Irish government had witnessed the great and

peculiar advantages derived from the Bank of England by the English government, which advantages had been progressively increasing for nearly a century; and they foresaw that it was not unlikely that Ireland, which at that time had a government and ministry of her own, a distinct parliament, currency, taxation, and national debt, might derive similar advantages as the contemplated establishment grew in public favour.

They therefore sanctioned the introduction of a Bill into Parliament, and gave it all the weight of their influence, affording advantages to the proprietors which the founders of the Bank of England, whose original capital was twice the amount, could not obtain for several years afterwards.

As a matter of history, we present our readers with an abstract of the Act 21 and 22 George III. cap. 16, for establishing a bank by the name of the Governor and Company of the Bank of Ireland. The preamble recites that—

"Whereas it will tend to the advancement of public credit in this kingdom, and to the extension of its trade and commerce, if a bank with a public security shall be established therein, Be it enacted, by the King's most excellent Majesty, and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present parliament assembled, and by the authority of the same, that it shall and may be lawful to and for your Majesty, your heirs and successors, by commission under the great seal of Ireland, to authorize and appoint any number of persons, at any time after the first day of August next, to take and receive all such voluntary subscriptions as shall be made on or before the first of January which shall be in the year of our Lord one thousand seven hundred and eighty-four, by any person or persons, natives or foreigners, bodies politic or corporate, for and towards paying into the receipt of

your Majesty's treasury in this kingdom the sum of six hundred thousand pounds sterling, to be paid in money or by the debentures which have been or shall be issued from your Majesty's treasury by virtue of any Act or Acts of Parliament heretofore or in this present Session made in this kingdom, bearing an interest at the rate of five per centum per annum, which debentures shall be taken at par from such subscriber or subscribers, and be considered as money by the persons to whom the same shall be paid; for which sum so to be subscribed, a sum, by way of annuity equal in amount to the interest on the said debentures, at the rate of four pounds per centum per annum, shall be paid at your Majesty's treasury."

Section II. "And be it enacted, by the authority aforesaid, that if from a competition for a preference amongst the persons desirous to subscribe, they shall be willing to pay or advance any sum or sums by way of premium for obtaining such preference or permission to subscribe, in that case the amount of such sums so advanced and paid, over and above the said sum of six hundred thousand pounds, to the said commissioners empowered to receive such subscriptions and premiums for such preference or permission, shall be applied towards any purposes for the beginning or better carrying on the business of the said bank, and also towards creating a proper building and convenient accommodation for the same, pursuant to such plan as shall be furnished by said commissioners; which plan and situation for such building shall be subject to the approbation of the Lord Lieutenant or other chief governor or governors of this kingdom for the time being."

Section III. provides that it shall be lawful, by letters patent under the great seal of Ireland, to incorporate all and every such subscribers and contributors, their

executors, administrators, successors, or assigns, to be one body politic and corporate, by the name of the Governor and Company of the Bank of Ireland, and by the same name to have perpetual succession and a common seal, and by the same name to sue and implead, and be sued and impleaded, answer and be answered, in courts of record or any other place whatsoever; subject nevertheless to the proviso or condition of redemption hereinafter mentioned.

Section IV. provides that no one person shall subscribe by himself, herself, or themselves, more than ten thousand pounds sterling, and that one-fourth part of the said sum of six hundred thousand pounds shall be paid at the time of such subscription; and in default of non-payment by any subscriber of the residue of his or her subscription, on or before the 1st of January, 1784, such part or parts as shall already have been paid shall be forfeited to and for the benefit of the said bank, to be applied towards any purposes for the beginning or better carrying on the business of the same, as aforesaid.

Section V. provides that, if the whole sum of six hundred thousand pounds be not subscribed for by the 1st of January, 1784, then the powers and authorities in this Act for erecting a corporation, as aforesaid, shall cease and determine.

Section VI. provides that the corporation shall not borrow or give security, by bill, bond, note, covenant, or agreement, under their common seal, or otherwise, for any sum or sums of money exceeding in the whole the sum of six hundred thousand pounds, unless it be by future Act or Acts of Parliament. And if any more or further sum shall be borrowed, then and in that case every subscriber shall, in his and their respective private capacities, be chargeable with and liable, in proportion to their several shares and subscriptions,

to the repayment of such money which shall be so borrowed.

Section VII. provides that the corporation shall not discount promissory notes or bills of exchange at a higher rate than 5 per cent. per annum.

Section IX.* provides that, to the intent that the subjects of the King may not be oppressed by the said corporation by their monopoly of any goods, wares, or merchandize, it shall only be lawful for the corporation to deal in bills of exchange or in buying or selling bullion, gold, or silver, or selling any goods, wares, and merchandize which shall be really and *bonâ fide* left or deposited with the said corporation for money lent or advanced thereon, and which have not been redeemed at the time agreed on.

Section XI. provides that, if the governor, &c. of the said corporation shall, at any time, on account of the said corporation, purchase any lands or revenues of the Crown, or lend any money to the King by way of loan upon any branch of the revenue, except such branch where a credit of loan is given by Parliament, shall be subject to a penalty of treble the sum lent, one half to the informer, the other to public uses under direction of Parliament.

Section XII. provides that no amerciaments, &c. against the said corporation shall be discharged by privy signet, &c., and that officers of the Exchequer may detain the amount of such fines, &c. out of the annual interest payable to the said corporation.

Section XIII. provides that, if any person shall obtain any judgment against said corporation, and shall bring execution thereon to the officer of the Exchequer, the said officer shall pay the sum in said execution to

* Section VIII. and a few other clauses are left out as being in no way important.

the plaintiff, and deduct it from the annual sum payable to said corporation.

Section XIV. provides that, after passing this Act, no persons exceeding six in number, except the said corporation, shall borrow, owe, or take up any sum or sums of money on their bills, notes, &c. payable on demand or for less time than six months after date, under the penalty of treble the sum borrowed, &c., one moiety thereof to the informer, the other to the King.

Section XV. provides that persons forging or passing forged notes, &c. under the seal of said corporation, knowing such notes, &c. to be forged, with intent to defraud said corporation, shall be guilty of felony without benefit of clergy.

Section XVI. provides that any officer or servant of the said corporation embezzling any of the property of said corporation, or of any other person lodged in the said bank, shall be guilty of felony without benefit of clergy.

Section XVII. provides that no member of said corporation shall be liable to the statutes of bankruptcy by reason of their stock in said corporation, and that no such stock shall be liable to foreign attachment. Six hundred thousand pounds to be the capital stock in said corporation, which shall be transferable, and deemed personal estate; and the said corporation stock, and the allowance of four per cent. per annum, shall not be subject to foreign attachment, and that all debentures be locked up in the Treasury until cancelled; and from the day of the passing of the said letters patent all debentures deposited and locked up shall be cancelled, and all interest thereon shall cease, and in lieu thereof there shall be one annuity of 24,000*l.* payable half-yearly.

Section XVIII. provides that the first payment of the

said annuity shall be on the 24th of June or 25th of December next after passing such letters patent; and if not a complete half-year from passing the said letters patent to one of the said days, then to be paid in proportion, and all interest due to the day of the passing said patent to be paid to the governor and company for benefit of subscribers.

Section XX. provides that on twelve months' notice after 1st January, 1794, in "Dublin Gazette," by order of the Lord-Lieutenant, and on repayment of all sums due to said corporation, or on petition of said corporation to Parliament before the said 1st January, 1794, and like repayments, the said corporation shall cease and determine; and in such case or insolvency the stock to be first applied to pay debts of said corporation; and, if not sufficient, each member shall be liable until the whole be paid.

Section XXI. provides that dividends to proprietors be made every six calendar months.

Section XXII. provides that no transfer of the bank stock shall be valid unless registered in the bank books in seven days from the contract, and actually transferred in fourteen days.

Section XXIII. provides that no Act, &c. of said corporation shall forfeit the private estate, &c., of any member thereof, nor the stock, &c., but that they shall be subject to the payment of all debts.

Section XXIV. provides that this Act shall be taken and deemed to be a public Act, to all intents and purposes, in all courts within this kingdom; and all judges are hereby required to take notice thereof as such without specially pleading the same.

In the above Act we have avoided as much as possible needless repetitions and unnecessary phraseology, with which Acts of Parliament are usually encumbered.

FIRST DIRECTORS OF THE BANK OF IRELAND.

Governor, David Latouche, Junior, Esq.
Deputy Governor, Theophilus Thompson, Esq.

Directors.

Alexander Jaffray, Esq.	George Godfrey Hoffman, Esq.
Travers Hartley, Esq.	William Colville, Esq.
Sir Nicholas Lawless, Bart.	Samuel Dick, Esq.
Jeremiah Vickers, Esq.	Jeremiah D'Olier, Esq.
John Latouche, Esq.	Alexander Armstrong, Esq.
Peter Latouche, Esq.	George Palmer, Esq.
Abraham Wilkinson, Esq.	John Allen, Esq.
Amos Stettell, Esq.	

In the session of 1783, the House of Commons addressed his Majesty, stating their humble desire that so soon as the bank by the name of the Governor and Company of the Bank of Ireland shall be established in pursuance of an Act passed this session of Parliament, his Majesty would be graciously pleased, if he should think fit, to order that the vice-treasurers, receivers, paymaster-general, and treasurers-at-war, their deputy or deputies, do deposit in the said bank all public monies which shall be then in their hands, and likewise from time to time all sums that shall thereafter be paid to his Majesty, his heirs, and successors, for or on account of any duties, aids, revenues, or taxes.

In accordance with this address, instructions were given to the several government departments to use the bank as a place of deposit, and by the 35th of George III. cap. 28, sec. 17, it is directed that the Teller of the Exchequer shall draw on the Bank of Ireland for all monies for the public service so paid in.

The Bank of Ireland commenced business on the 1st of June, 1783, in some old houses in Saint Mary's Abbey, and continued to transact their business there

until the year 1802, when an Act of the Imperial Parliament was passed, authorizing the sale of the Parliament House in Dublin, which was purchased by the directors for 40,000*l.*, and was adapted to its present purposes. This edifice was erected in 1729, and, notwithstanding the changes made in it since it was converted into a bank, the exterior has been but little altered.

The centre portico of this beautiful structure consists of one grand colonnade of the Ionic order, occupying three sides of a courtyard, and resting on a flight of steps continued entirely round.

The four central columns support a pediment, whose tympanum is ornamented by the royal arms, and on its apex is placed a statue of Hibernia, with one of Fidelity on her right, and another of Commerce on her left. This magnificent centre is connected with the eastern and western fronts, which almost contend with it in beauty, by circular screen walls, of the height of the building, enriched with dressed niches and a rusticated basement. The western front, which is a beautiful portico of four Ionic columns surmounted by a pediment, preserves an uniformity of style with the centre; but the eastern one, which was originally the entrance to the House of Lords, is of a different style, being of the Corinthian order, and consisting of six columns, crowned by a pediment with a plain tympanum, on which stand three fine statues emblematic of Justice, Fortitude, and Liberty.

The difference of its style from the other part of the building is justly objected to, inasmuch as it destroys the symmetrical uniformity of the building as a whole. This change of style was caused by a desire, on the part of the Lords, to have their entrance of a different and more ornamental character than that appropriated to the Commons; and it is related as an instance of the

ready wit of the builder, that when a gentleman passing by while the workmen were placing the *Corinthian capitals* on the columns, struck with the incongruity, asked "What order is that?" The builder, who was present, replied, "It is a very substantial order; for it is the order of the House of Lords."

The room in which the Lords met remains to this day, if we except the substitution of a marble statue of King George the Third for the throne, in the same state in which it originally was: the tapestry on the walls representing the battle of the Boyne is in a perfect state.

In this room, which is a memento of Ireland's departed parliament, the directors and shareholders hold their periodical meetings.

That of the Commons having been burned in 1792—whether by accident or design was never fully ascertained—was reconstructed after a more elegant design in the form of a circle surrounded by pillars, between which was a gallery for strangers.

This fine hall was converted by the Bank Directors into a square room, and is now the general drawing or cash office.

The building is secured from assault by embrasures and loopholes concealed in the walls. There is also an armoury containing small arms for all the clerks and servants, who were formed into a corps in 1798 and 1803. Tanks of considerable magnitude have been formed, and forcing pumps erected for guarding against casualties by fire.

The bank possesses a very curious and complicated system of machinery, worked by steam, for printing the notes, whereby the number struck off can be ascertained at any moment without the chance of error.

No expense has been spared by the Governor and

Company of the Bank of Ireland to make the execution of every part of their notes as perfect as possible. The extreme regularity and identity of character pervading every part of the border are perceptible in the scrolls of which it is composed.

The small black worm-lines inserted in the white grounds on the scrolls of the border are absolute facsimiles of each other: the distinguishing characteristics of the edging round the same are, extreme precision, uniformity, and perfect execution. In the vignette, the delineation of the crown, riband, and female figure, and the distinct formation of the words *Bank of Ireland* in black and the Latin motto in white letters, which are inserted in the riband, are extremely correct.

The arms and seal of the Bank of Ireland are, Hibernia bearing a crown, as a symbol of her independence; an anchor in her hand, to denote the stability of her commerce, with the words Bank of Ireland; and under the anchor, *Bonâ fide respublicæ stabilitas*, intimating that the existence of a people depends upon the faithful discharge of their public debts.

This device and motto are said to have been the production of George Edmund Howard, Esq. who was the parent or founder of the bank. He first proposed it to the government, although he ran great risk in so doing, and afterwards directed the plan upon which it was established.

By the 31st George III. cap. 30, the capital of the Bank of Ireland was increased to 1,000,000*l.*, the additional subscription of 400,000*l.* to be paid into the Treasury, and the charter extended until the expiration of twelve months' notice after 1st January, 1816.

By 37 George III. cap. 50, 500,000*l.* was added to the capital, and by the 48 George III. cap. 103, it

was further increased by 1,000,000*l.* making a total of 2,500,000*l.* and the charter was extended until the expiration of twelve months' notice, to be given after 1st January, 1837.

By the 1 and 2 George IV. cap. 72, 500,000*l.* was advanced to the government, after the rate of four per cent. per annum. By this loan the capital stock was increased to 3,000,000*l.* The sixth section of this Act empowered the Bank of Ireland to establish branches under the management of the parent establishment in Dublin, and copartnerships of more than six persons were permitted to borrow, owe, and take up any sum or sums of money on their bills or notes payable on demand, at any distance exceeding the distance of fifty miles from Dublin, all individuals composing such partnerships being liable and responsible for the due payment of such bills and notes. In other words, it permitted the formation of joint stock banks of issue in the provinces.

At the time of the passing of the Restriction Act in England, which we have elsewhere noticed, there had not been any unusual pressure for money on the Bank of Ireland; and we fearlessly assert that if the committee appointed to inquire into the condition of the Bank of England had extended that inquiry to the sister kingdom, they would have found that there had not been any run on the Bank of Ireland. There was no want of confidence or inability on the part of the bank to meet its engagements; but, on the contrary, there was plenty of specie to answer all the current demands of the public, and the exchanges were in favour of Ireland, rendering, therefore, an Irish Restriction Act perfectly unnecessary; but such an Act was passed for "the sake of uniformity."

No sooner was the Irish Restriction Act passed than the Bank of Ireland began to revel in her good fortune,

as will appear by the amount of her notes in circulation, which was in—

	£
April, 1798	737,268
„ 1799	1,737,879
„ 1800	2,482,162
„ 1801	2,626,471
„ 1802	2,816,669

This immense addition to the circulation of the bank within the space of five years caused the price of gold to rise, or, which is the same thing, the paper pound was depreciated 12 per cent, one guinea in gold selling for one pound three-eighths sterling, paper money.

The circulation of the Bank of Ireland now averages about 4,000,000*l.*, and the balances arising from the several sources of Chancery, Exchequer, Government, and private accounts, about 3,000,000*l.*; making a total of 7,000,000*l.*; whilst the amount under discount, according to their own return to the Committee of the House of Commons in 1837, was 2,649,464*l.*, and the average amount of investments in government securities, exclusive of the paid-up capital, amounted to 4,176,075*l.*

The profits of the Bank of England by the suspension of cash payments and the consequent issue of one-pound notes were very considerable: the same cause operated with equal success on her sister of Ireland, for it appears that prior to the year 1797 the dividend was 6½ per cent. on the capital stock of the bank, and that very soon after that period a bonus of 125,000*l.* was paid to the proprietors of the Bank of Ireland. In 1803 the dividend rose to 7½ per cent. and a bonus of 75,000*l.*, being 5 per cent. on the capital.

From this period until 1810, it was usual for the proprietors to have an annual bonus. In the year 1810 the dividend rose to ten per cent., at which rate it

continued until 1829, when it declined to nine per cent.

At a general meeting of proprietors, on the 14th September, 1832, the directors declared that the amount of the surplus fund, that is, of the property of the corporation, over and above the capital stock of 3,000,000*l.* was at that date 1,049,573*l.* British currency; and that this amount was independent of the value of the Bank premises, both in Dublin and at the several branch offices.

It thus appears by their own showing that, beyond the liberal dividends and bonuses already described, the proprietors of the Bank of Ireland have nearly the whole of their capital untouched in the hands of government; and in their own coffers a sum equal to more than a third of the full principal, as the surplus profits of the monopoly.

The dividend payable to the proprietors is now eight per cent. per annum, and the price of the 100*l.* shares averages about 205*l.* each.

The total amount paid to the proprietors of bank stock, exclusive of the dividends, between the periods of 1797 and 1821, was 1,225,000*l.*; the surplus fund in 1836 amounted to 1,053,112*l.*, and the total amount of stock on which the proprietors received interest was 2,769,230*l.* 15*s.* 5*d.* British currency, or 3,000,000*l.* late Irish currency.

The total amount of bad debts on the discounting of bills of exchange by the Bank of Ireland from 1783, the date of its creation, to 1836 inclusive, was 338,500*l.*, averaging for the fifty-three years 6,387*l.*; and the average loss by frauds and forgeries in the government funds during ten years (from 1826 to 1836) was 1,157*l.*

At the half-yearly meeting of the proprietors of the stock of the Bank of Ireland, held on the 11th of December, 1846, the directors, after recommending a

dividend of four per cent. on bank stock for the half-year ending the 25th instant, submitted the following report:—

"The Governor and Directors of the Bank of Ireland have always considered that the maintenance of a large surplus fund is essential to the stability of this great national establishment, and conducive to the true interests of the proprietors; affording a support against necessities which the bank, in common with all commercial establishments, must be prepared to encounter, and tending to prevent frequent fluctuations in the amount of dividends and in the market value of the capital stock. But, valuable as additions to that fund unquestionably are, the principle may have a limit, and the favourable results of the last few half-years—although, in some degree, owing to temporary causes—have decided the governors and directors to recommend the court of proprietors to sanction a bonus of five per cent. on the capital stock of the corporation to be paid, in addition to the dividend of four per cent. now recommended. It must be obvious to the proprietors, that some years of prosperity must elapse before the large sum now proposed to be deducted from the sinking fund can be replaced. The governors and directors, therefore, feel that in recommending the present bonus they have approached to the limit consistent with the acknowledged principles of sound banking."

Up to within a late period the directors were invariably Protestants and Tories. For some time after Roman Catholics were admitted on the direction, they took the oath in a separate room. This invidious distinction, however, is now abolished.

The total number of clerks and other servants employed by the Bank of Ireland in Dublin, and at their twenty-two branches, was, up to the 30th June, 1836, 365; and the amount paid to such clerks and servants

amounted in the whole to 51,443*l.*, averaging to each 141*l.* per annum.

The estimated expense of conducting the funded debt of Ireland was, at the same period, 15,770*l.*, and the amount paid to the government as an exemption from stamping their notes and post bills averaged 13,846*l.* 3*s.* 1*d.* per annum.

All the agents and sub-agents of the Bank of Ireland are furnished with a copy of general instructions, the original of which they sign: these instructions embrace a variety of points of general practice, and are divided into a number of rules under separate heads, distinguishing the duties of the agents, sub-agents, and clerks; they contain, besides, minute regulations for the safe custody of the bank property generally, the keeping of the accounts, the conduct of the general banking business, and the management of discounts under every variety of circumstances that general rules can embrace. This latter subject of course calls for continual advice and instruction, and constantly occupies the attention of the directors. The Bank of Ireland have been very successful with the several branches, which are like so many openings for the circulation of their notes.

The notes of the Bank of Ireland are payable only in Dublin, and not at the branches, although issued there. The cause of this limitation arose from a circumstance which took place in Clonmel on the 17th of August, 1825, on which day one of their notes for 100*l.* was presented to the agent at that place for payment in gold, who replied, "That he had no directions from the Bank of Ireland to pay in gold, and that he had not so much gold in the house." The note was accordingly protested for non-payment, and due notice was given to all parties.

The directors of the Bank of Ireland on being informed of this proceeding, took the opinion of the first

law authorities on the subject, the result of which was, that the directors were not liable to the payment of gold for their notes any where but in Dublin. This opinion must have been grounded on the fact, that the Act enabling them to form branches was silent on the subject; the original Act and Charter by which the bank was formed, made provision for the issuing of the notes, and paying them in Dublin.

We find the Bank of Ireland refused to take Bank of England notes in payment for taxes, &c. on the plea that such notes were not a legal tender in Ireland, although the parties tendering them had previously obtained the opinions of the Attorney-General for Ireland, the Attorney-General for England, and other high legal authorities, in favour of the legality of the tender. The circumstance that gave rise to the disputed point is clearly detailed in the evidence of Mr. Pierce Mahony before the Committee of the House of Commons on Joint Stock Banks in 1837.

While the accommodation afforded by the Bank of England to the mercantile community in moments of commercial panic has been frequently prompt, liberal, and efficacious, we look in vain for similar passages in the history of the Bank of Ireland. In every panic by which Ireland has suffered, it was the English government, and not the Bank of Ireland, which came to the aid of struggling firms, sustained the drooping credit of the country, and warded off bankruptcy and ruin.

Notwithstanding the extraordinary success of the Bank of Ireland, as detailed in the preceding pages, its directors appear to have submitted with an ill grace to the proposition of government for the introduction of joint stock banks in Ireland.

The jealousy evinced by the directors towards the rival establishments was paltry in the extreme; its

proceedings against the Provincial Bank we shall presently notice, and in this place content ourselves by recording a most singular instance of their indifference and apathy when applied to for assistance on behalf of one of the newly formed joint stock banks.

In the year 1836, there was a panic among the banks in the sister kingdom, and of those who applied to the Bank of Ireland for relief from the pressure was the Hibernian Bank, whose proprietary comprised some of the most influential names in Ireland, with a capital of 250,000*l.* paid up.

One of the directors of this bank, in his evidence before the committee of the House of Commons in July, 1838, thus describes the conduct of the Bank of Ireland: "We did business for two as solvent banks as any in Ireland, not excepting the Bank of Ireland itself. Their notes were payable at our office in Dublin, and we wished to give them, without interference with that accommodation which we would give our Dublin friends, all the support at such a crisis that was necessary, and put in bills to the Bank of Ireland of such a class, as were as good as any in the world. They had perhaps the first-rate names in London on them; they had our bank's and the Northern Bank's indorsement, with the liability of all their proprietors; but the Bank refused to discount them. Immediately after they were rejected, we refused to pay any more of their notes: they however did not fail: they proved their stability, but they quitted connexion with us."

The Irish have a character for committing blunders; whether they deserve it or no is not our present purpose to decide; but we think the following occurrence will go far to confirm the impression. A banker in Dublin of the name of Beresford having been a very active magistrate, as alderman and lord mayor of Dublin, during the rebellion, in personally attending the public

execution of the parties called rebels, naturally acquired an unenviable distinction among such of their countrymen as looked upon the sufferers as martyrs; and in the year 1798, a large assemblage of ignorant country-people having previously collected a quantity of Beresford's notes, publicly burnt them, crying out with enthusiasm, while the promises to "pay on demand" were consuming, "What will he do now? his bank will surely break;"—a mode of proceeding not very likely to bring about the desired object.

The poorer classes of the Irish people are much addicted to borrowing money on pledges; yet, with all their shrewdness, they appear to have but an indifferent idea of the value of money, as we shall presently show.

There are numerous loan societies established throughout the country, called "Monts de Pieté:" they are conducted on the same principle as our pawnbrokers', and like these they charge enormously.

In a publication called "Origin of the Small Loan Fund," we are told that Ireland is perhaps the only country in "Europe where the lower orders are unprotected by its government from Jewish practices amongst themselves, or from the extortions of their superiors; hence usury prevails to a most frightful extent."

In a printed circular addressed to the "Ladies of the British Islands," published some years ago, we find the following remarks on the subject of loan societies in Ireland:

"A society including all the great officers of state, judges, and others, with the Lord-Lieutenant as president, was incorporated in 1778, in order to perpetuate the practice of lending money to indigent and industrious tradesmen; but no interest was allowed to be charged to the borrowers, nor was there any benefit to the subscribers or depositors."

This plan has been adopted from a very remote

period, when sums of money were collected by donations or otherwise from the wealthy, and lent out to their poorer brethren. Such societies, however, unless placed under the immediate control of the governing powers, have invariably failed, from the circumstance that few people take an interest in any matter, however praiseworthy, for any length of time, unless they derive a benefit in return for the labour bestowed in the distribution of its funds. And so it was with the above society; it languished for want of support, and at last ceased altogether to carry out the benevolent intentions of its founders.

Not many years ago there were upwards of 600 loan societies in Ireland, besides private pawnbrokers, who abounded in every town throughout the kingdom: 200 were enrolled under the 6 and 7 William IV. cap. 55, 168 were under the direction of the Irish Reproductive Loan Fund—a society formed in 1822, when the sympathies of England for the distress of her Irish fellow-subjects created a fund of 100,000*l.*, then called the "London Irish Relief Fund;" 210 were placed under the control of the Ladies' Association; about 100 were connected with the trustees for bettering the condition of the poor in Ireland; and there were others without any enrolment, being carried on by relatives or trustees of such parties as bequeathed money for that specific purpose, and in accordance with their testamentary directions. One would think that, with this array of loan societies, Irishmen by this time would be aware of the value of money, as well as of the articles to be deposited as security for the use of money; but after perusing the following extract from the Times newspaper of Saturday, 25th of October, 1845, our readers will no doubt draw a different conclusion.

After detailing many accounts relating to the mode of lending money by the Irish, the writer proceeds to

say: "In Galway I was assured that so little do the people know the commercial value of money, that they are constantly in the habit of pawning it. I was so incredulous of this that the gentleman who informed me wished me to go with him to any pawnbroker to assure myself of the fact, and I went with him and another gentleman to a pawnbroker's shop kept by Mr. Murray in Galway. On asking the question, the shopman said it was quite a common thing to have money pawned, and he produced a drawer containing a 10*l.* Bank of Ireland note pawned six months ago for 10*s.*; a 30*s.* note of the National Bank pawned for 10*s.*; a 30*s.* Bank of Ireland note pawned for 1*s.*; a 1*l.* Provincial Bank note pawned for 6*s.*; and a guinea in gold of the reign of George the Third pawned for 15*s.* two months ago. The 10*l.* note would produce 6*s.* 6*d.* interest in the year if put into the savings bank, whilst the owner who pledged it for 10*s.* will have to pay 2*s.* 6*d.* a year for the 10*s.* and lose the interest on his 10*l.*; in other words, he will pay 90 per cent. through ignorance for the use of 10*s.* which he might have had for nothing.

"Mr. Murray told me that often money was sold as a forfeited pledge; that a man would pawn a guinea for 15*s.*, keep it in pledge till the interest amounted to 3*s.* or 4*s.*, and then refuse to redeem it."

Anything more childishly ignorant and absurd than this it is scarcely possible to conceive.

By a return made, in 1804, to the Committee of the House of Commons on Irish Exchanges by the collectors of the revenue in Ireland, it appears that the number of banks in their several districts, issuing bank notes, silver notes, and I O Us, were as follows: City of Dublin, six; Waterford, one; gold and silver notes 28; silver notes 62; I O Us 128.

Some idea may be formed of the general character of

the parties issuing these I O Us by taking the district of Youghal, where I O Us, from six shillings down to threepence halfpenny, were the principal currency :—

In Youghal, 10 grocers, 2 general shopkeepers, 1 stationer, 1 hardware shopkeeper, 2 bakers, 2 cornfactors, 1 cabinet-maker, 1 shoemaker, 1 linendraper, 1 woolcomber.

In Castlemarty, 2 grocers, 1 apothecary.

In Cloyne, 3 grocers, 1 chandler, 4 spirit dealers, 1 linendraper, 1 baker, 1 strong-water dealer.

In Rostillan, 1 miller.

In Whitegage, 1 clerk to a cornfactor.

In Middleton, 1 cloth manufacturer, 1 maltster, 1 brewer, 1 corn merchant, 1 tobacco manufacturer, 2 shopkeepers, 1 grocer.

In Mallow, 3 general shopkeepers, 1 baker, 2 innkeepers, 2 woolcombers, 1 miller, 1 tanner.

In Coppoquin, 3 cornfactors.

In Clashmore, 2 spirit dealers.

The money issued by the above parties was paper money; but during the early part of the last century the want of small change in Ireland induced persons in trade to issue promissory notes, first in copper, for a halfpenny and a penny, and afterwards for twopence; and also others for threepence, made of silver. Of the metal promissory notes, the earliest appears to bear date in 1728, and runs thus:

Promissory notes, value received, Dublin 1728, James Maculla (amount obliterated). Another, dated the following year, has on one side *I promise to pay the bearer on demand twenty pence a pound for these;* and, on the other side, Cash notes, value received, Dublin 1729. James Maculla.

The following account of an Irish banker is extracted from a work called the "Clubs of London."*

* See also Gilbart on Irish Banking.

" I once accompanied a large party of English ladies and gentlemen to that enchanting spot, the lakes of Killarney, where, having amused ourselves for a few days, we were on the point of returning to Dublin, when one of the party recollected that he had in his possession a handful of notes on a banker who was a kind of saddler in the town of Killarney. Accordingly, we all set out by way of sport to have them exchanged, our principal object being to see and converse with the proprietor of such a bank.

" Having entered the shop, which hardly sufficed to admit the whole company, we found the banking saddler hard at work. One of the gentlemen thus addressed him.

" ' Good morning to you, Sir. I presume you are the gentleman of the house?'

" ' At your service, ladies and gentlemen,' returned the saddler.

" ' It is here I understand that the bank is kept,' continued my friend.

" ' You are right, Sir,' replied the mechanic, ' this is the Killarney bank, for want of a better.' '

" My friend then said, ' We are on the eve of quitting your town, and, as we have some few of your notes which will be of no manner of use to us elsewhere, I'll thank you for cash for them.'

" The banker replied, ' Cash, plase your honour, what is that? Is it any thing in the leather line? I have a beautiful saddle here as ever was put across a horse, good and cheap. How much of my notes have you, Sir, if you please?'

" ' There are no less,' said my friend, ' than sixteen of your promises to pay, for the amazingly large sum of fifteen shillings and nine pence sterling money.'

" ' I should be sorry, most noble,' returned the banker, ' to waste any more of your lordship's time or

of those sweet beautiful ladies and gentlemen, but I have an illegant bridle here as isn't to be matched in Yoorup, Aishy, Afrikay, or Merickay; its lowest price is 15*s*. 6½*d*.—will say 15*s*. 6*d*. to your lordship. If ye 'ell be pleased to accept of it, then there will be two pence halfpenny or a three-penny note coming to your lordship, and that will clear the business at once."

This account of an Irish banker, although possibly somewhat overcharged, may be considered as a specimen of many who pretended to carry on the business of banking in the early part of the last century.

By the 39 Geo. III. cap. 48, magistrates in Ireland were empowered, in the event of the non-payment of any bankers' notes under five guineas, and upon the complaint of the owner of such dishonoured notes, to summon the person so refusing to pay and award the amount with costs: if not paid immediately, they might levy a distress upon the goods of the issuer. The 10th section of this Act runs thus:

"That it shall and may be lawful for any banker or bankers not resident in Dublin, whose firm hath been registered according to law, from and after the passing of this Act, to issue any promissory notes negotiable or transferable for the sum of nine shillings, six shillings, or three shillings and nine pence half-penny each; and that the holders of such notes shall be entitled to demand and receive payment thereof in notes of the Governor and Company of the Bank of Ireland, but not to demand payment in any other manner, from the passing of this Act until the end of the next session of Parliament, and no longer."

By the same Act, when any person demanded payment of these notes and could not give the banker sufficient change to make the amount of the note or notes equal in amount to any denomination of the notes of the Bank of Ireland nearest the amount so

demanded, the banker or person issuing such note was at liberty to refuse payment. The reason of this precaution was obvious, inasmuch as the Bank of Ireland had entirely suspended the payment of its notes in cash: it therefore could not be expected that other bankers were to provide cash in payment of their notes, were the amount ever so small.

Previously to the Bank Restriction Act, which as we have shown extended equally to the Bank of Ireland, there were only three private banks of issue in Dublin, three in Cork, one in Clonmel, one in Waterford, and one in Limerick; and in the year 1815, at the close of the war, there were thirty-one, including six in Dublin and twenty-five in various parts of Ireland. For some time after the Restriction Act there were no banks established in the north or west of Ireland.

In the year 1820 no less than eleven banks, some of them of considerable influence and extensive credit, failed in rapid succession, and a few years after there were only two places, Belfast and Cork, in which, besides Dublin, a bank remained.

This state of things could not be permitted to remain without a remedy. The government of Lord Liverpool found it necessary to interpose and place some check upon the monopoly of the Bank of Ireland, by introducing a better system of banking than had hitherto been practised. It was therefore determined to try the experiment of joint stock banks in Ireland; and the Bank of Ireland, upon being allowed to add half a million to its capital, parted with so much of its monopoly as enabled banking companies with more than six partners to carry on the business of bankers at a distance of fifty miles from Dublin.

Early doubts were raised and legal opinions taken upon the construction of the Act of Parliament then passed. It was maintained that every partner in an

Irish joint stock bank was compelled to be a resident in Ireland. This construction of the Act entirely precluded the English capitalists from investing their money in such undertakings, and the privilege became a dead letter.

In the year 1826 the following memorial was presented to the Lords of the Treasury:

"To the Right Honourable the Lords Commissioners of His Majesty's Treasury:

"The memorial of the undersigned merchants, traders, and others, inhabitants of the city of Dublin and its vicinity,

"Sheweth,

"That by the Act forming the Bank of Ireland it is enacted, 'That no company or society exceeding six in number, except the Bank of Ireland, shall borrow, owe, or take up money, on their bills or notes, payable on demand, or at any less date than six months from the borrowing thereof, under the penalty of three times the amount of the issue.' (21 and 22 George III. cap. 14).

"That in the year 1821 the above Act was modified by the 1 and 2 George IV. cap. 72, so far as to permit the establishment of banking companies exceeding six in number at a distance of fifty miles from Dublin, under certain conditions therein mentioned.

"That, in consequence of the ambiguity of the said Act, no companies were formed under it until the year 1824, when an Act was passed to explain it and carry its provisions into effect. That the above Act was repealed last session, and a further explanatory Act was passed, under which provincial banks have been established at a distance of fifty miles from the city of Dublin, issuing notes payable at the place where issued.

"That the said Act only goes to the extent of permitting the establishing of banks issuing notes payable

on demand fifty miles from Dublin, thereby leaving the city of Dublin, and a circuit of fifty miles, exposed to all the evils resulting from monopoly in so important a matter.

"That, although it is at present legal to establish such companies, the prohibition annexed, of not issuing bills or notes payable on demand, or at a less date than six months, renders the liberty of establishing such banks inoperative, as, without a power to issue notes on demand, no bank in Ireland can realize common interest for the capital embarked, and the sphere of its utility is bounded.

"That the liberty of issuing notes or bills payable at six months after date, is also rendered inoperative by the Stamp Acts in force, prohibiting the reissue of such, or any post bills, except those of the Bank of Ireland, when once discharged, the effect of which prohibition makes such an issue useless.

"That at different times there have been several failures of banking establishments in Dublin, which have, at the period at which they happened, and subsequent thereto, thrown the city into the greatest distress, and have often occasioned a serious defalcation in the public revenue.

"That, under the present banking law, there is no security to the public that weak banks may not again be established in Dublin, and a repetition of failures occur, more especially as the notes of private banks in Dublin have at all times shared a considerable portion of the circulating medium with that of the Bank of Ireland.

"Your Memorialists therefore hope, great benefits having already been rendered to Ireland by a partial permission to establish joint-stock banks, that your lordships will extend the measure by granting to Dublin the same privilege which has been already con-

ferred upon the rest of the kingdom, and for that purpose that your lordships will take into consideration, on great public principles of policy, the expediency of entering into a new agreement or bargain with the Bank of Ireland, so as to permit the establishment of joint-stock banks in the city of Dublin, with adequate capital, and under such regulations for the security of the public as to your lordships shall seem fit."

This address, like many of a similar character, met with little or no attention; indeed, it appears to have been the fate of Ireland in all her applications for improvements "to be dipping buckets into empty wells, and growing old in drawing nothing up."

By the 6th George IV. cap. 42, a remedy is given to parties to recover money due by joint stock banks in Ireland. Actions may be brought against one of the public officers of the bank, and, after judgment obtained, execution may be issued against any one of the registered shareholders without notice, in case they are existing partners; but if they have ceased to be partners for less than three years, then there must be notice, and the court must be satisfied that the existing shareholders are not solvent, or that the company's property is not sufficient to pay the amount, before there is a remedy against those who have retired three years previously.

The first establishment of banks in Ulster was in Belfast, by four gentlemen of property, who in the year 1784 subscribed a capital of 10,000*l.* each, or 40,000*l.* in all. They issued notes payable in gold at the place of issue alone; they had no agents, and were not liable to any duty for stamps, and they managed the business themselves at very little expense. Although always in good credit, their circulation of notes seldom exceeded 30,000*l.* They charged six per cent. on bills payable in Belfast, and on all others a commission, in addition to the interest, making the charge for discounting such

bills equal to eight per cent. per annum. They continued in business till 1798, and managed their bank with much prudence; yet in the whole period of fourteen years they did not clear above legal interest for the capital employed.

The next bank, the Belfast Bank, was established in 1808, and about a year afterwards the Northern and the Commercial banks were opened: their notes were payable in Dublin only at the house of the agent for the bank, and not at the places where issued. The rate of interest on commercial bills varied from four to six per cent. Interest allowed on deposits was at the rate of three per cent. per annum.

The average circulation of the Belfast Bank for fifteen years (from 1811 to 1825 inclusive) was 322,000*l.*; the expense of carrying on the bank, including stamp duties, house-rent, agencies, managers, clerks, &c. was 10,000*l.* per annum. By this it will appear that it required at least a constant circulation of 200,000*l.* to defray the expenses; therefore, unless a bank, managed as this was, could circulate 200,000*l.* of its own paper, it would be a losing concern; and so it ultimately proved.

The Hibernian Bank of Ireland, under the title of the Hibernian Joint Stock Bank, was established in June, 1825, under a special Act of Parliament (the 5th George IV. cap. 159), which enables the company to purchase and sell annuities, and all public and other securities, real and personal, in Ireland, and to advance money and make loans thereof on the security of such real and personal security at legal interest, and on the security of merchandize and manufactured goods, and to sue and be sued in the name of the governor or secretary for the time being.

The names of the proprietors of the bank are enrolled in Chancery, but the company is not incorporated nor discharged from any responsibility as individuals, neither

do they issue notes payable on demand. Their capital is 1,000,000*l.*, divided into 10,000 shares of 100*l.* each.

Not long after the establishment of this bank, a Bill was brought into Parliament for its dissolution, which bill was ultimately rejected. This caused the price of the bank stock to be depreciated from 25*l.*, the sum paid up on each share, to 15*l.* 10*s.*; but the shares soon after rallied.

The most important banking establishment in the sister kingdom, next to *the* Bank, is that of the Provincial Bank of Ireland; and, as the operations of the latter have been of a very extensive nature, some account of its origin and progress may not be uninteresting to the reader.

The Provincial Bank of Ireland was one of the first to take advantage of the altered state of the law relating to banking in Ireland. The capital was 2,000,000*l.*, divided into 20,000 shares of 100*l.* each; and, as it was considered that the principal portion of this capital would be subscribed for in England, it was proposed that London should be its head quarters, and that the business of the bank should be conducted by a board of directors, who were to remain in office till the 31st of December, 1829, at which time four were to go out, and henceforward the same number annually; but that every director so retiring was immediately to be eligible to be re-elected by the proprietors at their annual meetings.

Local directors were appointed, whose qualification was, that they should hold 2500*l.* stock in the proprietary capital of the company. When all the preliminary arrangements were completed, they opened branches at several places, which now extend to thirty-four. Regular advices of the proceedings at the various branches are transmitted by the managers to the London

board by post, every second or third day, according to circumstances, and at the end of each week a complete statement of the whole transactions is made up and forwarded to London. These returns are first examined by the officers of the London establishment, and then submitted to the Directors.

The Directors of the London Board meet once a week at their head office in Broad-street, London; but a committee of not less than three directors attend daily at the office to conduct the ordinary business, who make a special report of their proceedings of the past week to the board of directors.

On the 5th of December, 1828, an action was brought in the Court of King's Bench, Dublin, by the Governor and Company of the Bank of Ireland against the directors and proprietors of the Provincial Bank for an infringement of their charter. The following extract from the Judge's charge to the jury will explain the object of the contest.

"I think, then, gentlemen, you ought to find a verdict for the plaintiffs, unless you believe that the Provincial Bank have not either by themselves or their agents paid their notes on demand in the city of Dublin; and I think there is evidence that they have done so. I think the Provincial Bank are liable to the penalty unless they have no 'house of business or establishment' in Dublin: unless you be of opinion that, on the evidence of Mr. Latouche and Mr. Newenham, nothing was done by their house for the Provincial Bank except what is done in the usual course of dealing between banker and customer. I take it for granted that a country banker may have a town banker. I do not think it was intended by the legislature to prevent this. If, on the contrary, you think that this was not the usual business between banker and customer, but that they paid their notes at the

house and establishment—not of Latouche and Co., but at the house and establishment of the Provincial Bank,—you ought to find for the plaintiffs." The jury did accordingly find for the plaintiffs — damages six pence, and costs six pence.

The directors of the Provincial Bank took the necessary steps to procure the decision of the whole of the Judges of the Court of King's Bench in Ireland upon the question.

The subject was ultimately made the ground for a Bill in Parliament, on the mutual understanding of both parties to the above action, and by the 1st Will. IV. cap. 32, the Provincial Bank is authorized to pay its notes in Dublin. And from that time the best understanding has existed between the two establishments. The notes of the Provincial Bank have always been payable at the places where they are issued. By the 9th Geo. IV. cap. 81, it is obligatory on all banks to pay their notes at the place of issue. Notes of the Provincial Bank are now received by the Treasury in payment of taxes, in the same way as those of the Bank of Ireland, and it is the Bank of government for the excise, post office, and stamp revenues for those parts of the country in which the Bank of Ireland has no branches.

The dividends have been at the rate of four, five, and six per cent. and have even reached eight per cent. per annum.

The latest Act of Parliament passed for the regulation of banking in Ireland was the 8 and 9 Victoria, cap. 37; and as this Act may be considered in the light of a prohibition to the formation of any other bank, we have given it in detail in the Appendix.

The fixing the amount of the circulation of bankers' notes is so novel an expedient, and so little in accord-

ance with our views on the subject of the currency, that we have in another place recorded our opinion thereon. Time, however,—that great trier of principles,—can alone decide the question of the propriety or impropriety of limiting the amount of paper-money credit which the public are disposed to sanction on behalf of any one bank of issue.

CHAPTER X.

ON SCOTCH BANKING.

Heads of Monasteries the first Bankers in Scotland—Heriot, banker to King James—Paterson, the founder of the Bank of England, establishes the Scottish Darien Company—Jealousy of the English, and consequent ill success of the project—State of Scotland, before and after the Union—Early coinage of Scotland—Holland's account of the formation of the Bank of Scotland—Abstract of the Act of the Scottish Parliament establishing the Bank—Comparison between this Act and that for establishing the Bank of England—Proposals made to the Bank to issue stamped brass coin or wooden tallies—Issue of one-pound notes by the Bank in 1704—Union of Scotland with England—The Equivalent Fund—The Commissioners for the disposal of this Fund petition for a Charter of Incorporation as a Bank, which was subsequently granted under the title of the Royal Bank—Jealousy of the Bank of Scotland, who soon after suspend payments—Arrangements made with their note-holders—The Bank called the British Linen Company established—The Pretender and the Edinburgh Banks—Establishment of Private Banks in Scotland—Optional Bank Notes suppressed—Details of Scotch Banking—Amount of deposits in Scotch Banks—Attempt to withdraw the one-pound note circulation of Scotland—Sir Walter Scott's opposition to the measure under the signature of Malachi Malagrowther—His arguments answered—The attempt abandoned in consequence of the Report of a Committee of the House of Commons—Small amount of gold in circulation in Scotland—Account of the failure of Scotch Banks—Laws relating to Bills of Exchange peculiar to Scotland—Conclusion.

PRIOR to the formation of the Bank of Scotland, our researches have not furnished us with many materials bearing on the subject of banking in Scotland.

It appears that the first considerable traders in Scotland were the heads of monasteries, as they alone possessed the spirit of commercial enterprise, and sufficient funds for promoting speculation. To them belonged the principal ships; they had at first the exclusive privilege of fishing; and they were the chief bankers of the time.

Previously to the suppression of Catholicism, a few goldsmiths were established in Edinburgh, who exercised the calling of bankers, but their business was

confined to the lending of money on the deposit of substantial security. With the exception, however, of Heriot, who was banker to Mary Queen of Scots, and subsequently to her son James the First of England, there were none of any note, neither do we find that their affairs attracted any public attention, or that like the bankers of London and Dublin they issued paper money.

Heriot, who may justly be regarded as the first of his craft, has left an imperishable name behind him. By his will he bequeathed to the ministers and magistrates of Edinburgh all that portion of his property that should remain after his debts, legacies, &c. had been paid, to be applied by them in the erection and endowment of a hospital for the maintenance of as many fatherless children as the funds would admit. By the fulfilment of the benevolent intention of the testator, the sum received by the trustees, as appears by the statement of accounts, was 23,625*l.* 10*s.* 3½d., the legacies, bad debts, &c. having been previously settled.

About the close of the seventeenth century, the celebrated Law, a native of Mid Lothian, published at Edinburgh several pamphlets, in which for the first time a new system of conducting monetary affairs was advocated, and which has since been gradually corrected and expanded into those theories of commerce and banking of which it is our present purpose to treat.

The most important era in the commercial history of Scotland was the year 1694, when the ill-fated project of the Darien Company, founded by William Paterson, received the sanction of the Scottish Parliament. Some account of this undertaking and its founder may not perhaps be considered foreign to our subject.

After Paterson had completed the arrangements for the formation of the Bank of England, and had put that corporation fully and fairly in motion, he met with the fate that usually attends the projectors of any great

work, for, to use his own words, "he was defrauded of his just recompense by those who adopted his plans."

He appears to have been a man of most enterprising spirit, and, nothing daunted by the ingratitude he met with, he directed his attention to the plan of establishing an emporium on each side of the Isthmus of Darien for the trade of the opposite continents.

Accordingly, he set about forming a company, to be called the African and Indian Company of Scotland. This scheme was patronised by almost all the power, wealth, and talent of Scotland, and consequently Paterson found no difficulty in obtaining an Act of Parliament and royal charter.

Sir John Dalrymple in his Memoirs of Great Britain and Ireland relates, that "the frenzy of the Scots to sign the solemn league and covenant never exceeded the rapidity with which they ran to subscribe to the Darien Company. The nobility, the gentry, the merchants, the people, the royal burghs, without the exception of one, and most of the other public bodies, subscribed. Young women threw their little fortunes into the stock, widows sold their jointures to get the command of money for the same purpose. Almost in an instant 400,000*l.* were subscribed in Scotland, although it is now known that there was not at that time above 800,000*l.* cash in the kingdom."

Paterson's project, which by many had been looked upon with suspicion, now appeared on the wings of public favour; and the English, although jealous of the supposed advantages, subscribed 300,000*l.*, and the Dutch 200,000*l.* Paterson had made a contract with the company that he should get two per cent. on the capital subscribed, and three per cent. on the profits of the undertaking. Neither of the contracting parties supposed when this agreement was made that the subscriptions would be taken up so spiritedly. Paterson was so elated with the success of the project, that in the

fullness of his heart he gave a discharge to the company for both claims, which imprudent step he long lived to repent.

The success attending this scheme roused the jealousy of the English House of Commons, who on the 16th of December, 1695, and without any previous inquiry or reflection, presented an address to the King, in which they were joined by the House of Lords, requesting His Majesty would suppress the Darien Company, on the plea that it was detrimental to the interests of the East India Company.

The King, William the Third, ever willing to attend to the wishes of his English Parliament in preference to those of the Irish or Scottish Parliaments, replied, "that he would do all they required, and that he had been ill advised in Scotland." He soon after sent orders to his resident at Hamburg to present a memorial to the senate, in which he disowned the company, and warned them against all connexion with it.

The senate sent the memorial to the assembly of merchants, who returned it with an answer worthy of a free people: they said, "We look upon it as a very strange thing that the King of England should offer to hinder us, who are a free people, to trade with whom we please; but are amazed to think that he would hinder us from joining with his own subjects, to whom he has lately given such large privileges by so solemn an Act of Parliament." This spirited language, however, was not permitted to take root, and ultimately the Hamburgh merchants withdrew their subscription, as did also those of London.

The Scots, in spite of this opposition and oppression, determined with their diminished means to carry out their original design. They fitted out ships and sent settlers; but they little dreamed of the length to which that opposition would extend. Orders it appears were sent out from England to the governors of the several

colonies to issue proclamations against giving assistance, or even holding correspondence, with the new settlers.

The emigrants, trusting to far different treatment, and to the supplies which they expected from the colonies, had not brought sufficient provisions with them. They, therefore, suffered numerous hardships, and many of them died from starvation.

The subsequent proceedings of this ill-fated colony were attended with a succession of misfortunes, solely attributable to the jealousy of the English.

Poor Paterson could not withstand the torrent which had set so strong against him: he was seized with an attack of lunacy on his passage home, but recovered in his native country. In a letter dated 19th of December, 1699, he thus describes his situation: "When the rest were preparing to go away, I was left alone on shore in a weak condition: none visited me except Captain Drummond, who with me still lamented the thoughts of leaving the place, and prayed to God that we might but hear of our country before we left the coast."

Paterson survived many years, and resided in Scotland, pitied, respected, but neglected. After the union, he claimed reparation for his losses from the Commissioners for managing the Equivalent Fund, a portion of which was appropriated to the subscribers of the Darien Company; but in consequence of his having surrendered his original agreement he was unsuccessful.

Thus ended the colony of Darien; and England, by her imprudence in ruining that settlement, lost the opportunity of gaining and keeping for herself the greatest commercial empire that probably ever will exist upon earth.

Scotland suffered so much from the ill success of this project, that we do not find that she ever again

attempted any similar scheme. England, however, was soon doomed to experience a far greater derangement in her financial condition than Scotland, or perhaps any other country, ever suffered. We allude to the celebrated South Sea bubble, which burst about the year 1720, and which did not reach Scotland.

The manufactures of Scotland, prior to the union with England, appear seldom to have advanced beyond the domestic supply, consequently there was little scope for banking operations. As an instance of her backwardness at that period, it is recorded that on one occasion the letter-bags arrived from London with only one letter. There was only one stage-coach in Scotland, with the exception of those from Edinburgh to Leith, which left Edinburgh once a month for London, and was from twelve to fifteen days on the road.

The great increase of the public revenue in Scotland since the union will appear from the following statement: "In the year 1706 the income of the Post Office was not more than 1,194*l.* per annum; that arising from the Excise, 33,500*l.*; and that from the Customs, only 34,000*l.*; making a total of 68,694*l.* In 1801 the revenue of the Post Office amounted to 89,817*l.* per annum; that from the Excise, 883,000*l.*; and that from the Customs, to 578,000*l.*; making a total of 1,500,817*l.* Thus the annual income of these three sources of public revenue alone had, in less than one hundred years, increased 1,432,123*l.*

Connected with the commerce of Scotland are its coins, weights, and measures. From 1293 to 1355 the coins of England and Scotland were of the same weight and purity. But at the last-mentioned epoch the standard of Scotch money was, for the first time, sunk below that of England, and by successive depreciations the value of Scotch money at the union of the crowns

* Chalmers's Caledonia.

in 1600 was only a twelfth part of the value of English money of the same denomination.

It remained at this point till the union of the two kingdoms in 1706 cancelled the separate coinage of Scotland, so that the coins are now the same, both in England and Scotland; but the Scotch money of account was for some time afterwards continued, and, when a payment was to be made, it was usual to state, so many pounds Scot, or so many pounds sterling. The pound Scot was equal to 1*s.* 8*d.* English.

The coined money of Scotland at the union was estimated at one million pounds sterling, a large amount considering that Scotland at that period was comparatively a poor country. When we consider the unsettled state of Scotland under the reigns of the three last Stuarts, of King William, and even much later, it is not to be doubted that a great portion of that coin must have been hoarded in concealment for security; and that therefore the one million of coin held the place both of that part of the wealth of the country which is now represented by bankers' notes, and also of that which is now deposited in the banks at interest.

The weights and measures of Scotland still differ from those of England. The troy pound in Scotland was to be the same as the French pound, or 7,560 grains; but, by a mean of the standard kept by the dean of guild in Edinburgh, it weighs 7,600 grains.

Very soon after the completion of the arrangements for the formation of the Bank of England, and before it was possible to judge of its practical results, many highly influential individuals suggested the propriety of forming similar establishments for Ireland and Scotland. The attempt, as far as regarded Ireland, was unsuccessful, caused probably by a laxity on the part of its supporters. The persevering industry, however, of the parties interested in the formation of the Bank of Scot-

land was crowned with success, as appears by the following account of the establishment of the bank, which we have extracted from a scarce work, called "The Ruine of the Bank of England and all publick credit inevitable;" published in the year 1715, and written by John Holland.

"In the autumn of the year 1695, an honest and ingenious friend of mine, a Scotch gentleman, importuned me one day to think of a bank for Scotland. I told him I had done with framing of schemes for banks, and all other publick societies, and resolved, as in some measure I had done a few years before, to lead a country life. He replied that I should have an Act of Parliament upon my own conditions. Upon this I immediately drew up so much of the constitution as was necessary to be in the Act, and in three or four days he brought me a formal bill drawn up in the Scotch style, and he told me that he had spoken to most of his nation that were in town, and that he had good reason to believe the bill would pass that session (he being then going to Scotland) according to the draught, which it did accordingly.

"Upon this subscriptions were taken for twelve hundred thousand pounds Scot, which is one hundred thousand pounds sterling, and I agreed to go down, stay there, and return upon my own charge; but they generously ordered a noble present to be made to my wife, more than my charge amounted to; and though they were utter strangers to a bank, and all the time I was there the Bank of England could not pay their bills, and although we had many enemies, we obtained in about two months' time a strange credit upon our bills.

"And although not hardly one of the rules that I offered for the management and carrying on the bank was at first understood, but objected against, yet they were all upon debate agreed to, and, to the honour of

those gentlemen, I must say I don't remember I met with more than one that made any objection out of humour, but purely to find out the best way for carrying on the thing, which to this day has been greatly to the advantage of the subscribers, and a very advantageous influence it has had upon the nation in general."

The following is an abstract of the Act passed by the Scotch Parliament in the year 1695, entitled "An Act for the Establishment of a Publick Bank:"—

"Our Soveraign Lord considering how usefull a publick bank may be in this kingdom, according to the custom of other kingdoms and states, and that the same can only be best sett up and managed by persons in companies with a joynt stock, sufficiently endowed with those powers, and authorities, and liabilities, necessary and usual in such cases,

"Hath therefore allowed, and with the advice and consent of the estates of Parliament allowes, a joynt stock amounting to the soume of twelve hundred thousand pounds money, to be raised by the company hereby established for the carrying on and manageing of a public bank."

"Provides, that Mr. William Erskine, Sir John Swinton, Sir Robert Dickson, Mr. George Clark, junior, and Mr. John Watson, merchants of Edinburgh; Mr. James Foulis, Mr. John Holland, Mr. David Nairn, Mr. Walter Stuart, Mr. Hugh Frazer, Mr. Thomas Coutis, and Mr. Thomas Deans, merchants in London, or any three of them, shall have power to receive subscriptions from the 1st of November; 1695, to the 1st of January, 1696.

"Proyides, that no one shall be permitted to subscribe more than two thousand pounds Scot, nor less than one thousand pounds Scot, the said company to be one body corporate and political under the name of the Governor and Company of the Bank of Scotland, under which name they shall have perpetual succession and a

common seal. The affairs to be conducted by a governor, deputy governor, and twenty-four directors.

"Provides for the election of the first governor, deputy governor, and directors, and fixes the qualification for such officers, and orders that before entering into office they each of them take an oath that he is possessed of the requisite qualification in his own right; and all such officers to be elected annually.

"Provides, that the governor, deputy governor, and seven directors may call meetings of the adventurers, and that the governor, deputy governor, and directors may make by-laws, provided that such by-laws be not contrary to, but consistent with, the laws of the kingdom.

"Provides, that if any of the subscribers refuse or neglect to pay up the amount of the subscription when called upon by the governor, deputy governor, and directors, they shall forfeit for the behoof of the company what they have already subscribed.

"Provides, that persons may by their latter will and testament dispose of the stock, without the necessity of confirmation or formality whatever.

"Provides, that the joint stock of the company be free from all burdens to be imposed upon money for the space of twenty-one years from this date, and that during this space it shall not be lawful for any other persons to establish a distinct company or bank in this kingdom, besides those persons in whose favour this Act is passed.

"And, for preventing the breaking of the said joint stock company contrary to the design, it is hereby declared that the sums of the foresaid subscriptions and shares may only be conveyed and transmitted by the owner to others who shall become partners of the company in their places, so that the foresaid sums of subscription may neither be taken out of the stock, nor

parcelled among more persons by legal diligence of any sort, to the diminishing of the stock of the said company and good order thereof.

"Provides, that previous to the declaration of dividends such dividends shall be by consent of the shareholders at a general meeting.

"Directs, that if any shareholder commit any crime punishable by confiscation or forfeiture of his shares, the governor, deputy governor, and directors, may expose by public roup such shares to those who bid the highest price.

"Provides, that it shall not be lawful nor allowable for the said company, the governor, deputy governor, directors, or managers, on any pretence whatever, to follow any other trade with the joint stock to be employed in the said bank, or any part thereof, or profits arising therefrom, excepting the trade of lending or borrowing money upon interest and negotiating bills of exchange.

"Provides, that should the said governor, deputy governor, or directors consent, agree, or approve of advancing or lending any money to his Majesty, any of them so agreeing and approving, and being found guilty, shall be liable for every such fault to triple the value of the money so lent; whereof one-fifth part shall go to the informer, and the remainder be disposed of towards such public use as shall be appointed by parliament, and not otherwise.

"And it is likewise hereby provided, that all foreigners who shall join as partners of this bank, shall thereby be and become naturalized Scotsmen to all intents and purposes."

It is curious to compare the above Act with that passed the previous year in the English Parliament for the erection of the Bank of England. In the latter case it was expressly stipulated that any persons, natives or

foreigners, who shall advance to his Majesty the sum of 1,200,000*l.* sterling, shall have the exclusive privilege of banking in England for the term of *twelve years*, whilst the former obtained the exclusive privilege of banking for *twenty-one* years without any consideration whatever: in short, the Bank of Scotland was prevented by a heavy penalty from lending money at any time and under any circumstances to the King, a prohibition which, we imagine, the Bank of Scotland has had no reason to regret.

Soon after the establishment of the Bank of Scotland the directors began to issue notes, or, as they were then called, bills or tickets, for 100*l.*, 50*l.*, 20*l.*, 10*l.*, and 5*l.*

Previously to 1704, the directors and proprietors of the bank had received several proposals for the issue of tickets, stamped brass coin, or wooden tallies, for remedying the wants of a circulating medium of coin under 5*l.* in value: these proposals were all rejected by the proprietors; they were probably conscious of their want of experience, and refrained for a time from so novel an expedient, being prudently apprehensive and uncertain of the result.

In 1704, however, the measure was again brought forward, and one-pound notes were issued for the first time, and have continued to be issued to the present day. The evil which these notes were intended to remedy was, the restraint upon the industry of the country consequent on the want of a circulating medium for carrying on its manufactures, agriculture, and trade, and for facilitating numerous small transactions. The notes formed the most useful accommodation which can be afforded to the poor but industrious inhabitants of a rising country.

John Law, who subsequently introduced his celebrated banking scheme to Louis the Fourteenth of France, thus writes respecting the Bank of Scotland. "This bank is safer than the Bank of England, because the lands of

Scotland, on the security of which most of the cash of that bank is lent, are under a register. It is more national than either the Bank of England or that of Amsterdam, because its notes, many of which are as low as twenty shillings sterling, pass in most payments throughout the country, whereas those of the Bank of England are of little use but in London."

The Court of Directors of the African Company, soon after the formation of the Bank of Scotland, came to a resolution to carry on the business of banking: this was done by the advice of Paterson, who was one of the directors.

At this period the Bank of Scotland possessed the exclusive privilege of banking in Scotland, and they no doubt would have exercised their right of suppressing this innovation on their monopoly, had they considered themselves sufficiently established in public favour to make any stir in the matter; but, in consequence of the bank's indifference on the subject, the African Company issued notes to a considerable amount; and, in order to obtain a circulation for their notes, and to suppress those of the bank, they lent money on securities which ultimately they were not enabled to realize. This, coming to the knowledge of the public, lessened the value of their stock so much that they ultimately gave up the banking business.

One of the most important transactions that was ever effected in Great Britain was finally and legally completed at the close of the year 1706, viz. consolidating the union of England with Scotland, after their crowns had been united 104 years.

So far back as the year 1290 the union would have been effected had not the unexpected death of the Maid of Norway, or Queen of Scots, in a moment destroyed the hopes of tranquillity in both kingdoms. De Foe infers that the union of the two kingdoms was proceed-

ing upon the very same principles upon which, four hundred years afterwards, it was settled, and in his appendix has printed the documents on which he formed that opinion.

Sir Walter Raleigh, in his History of the World, remarking on the effects of the junction of Scotland with England, on the accession of James the First, expresses his conviction that, "as England, with Scotland for an enemy, ever ready to form alliances with the French, in the hope of molesting England when the flower of her army was absent on remote expeditions, was nevertheless sufficiently powerful to conquer France and frustrate the attempts of all her enemies, she would in after times by the auspicious event be enabled to defeat any antagonist, however powerful, even if all Europe were to combine against her." These prophetic words have in our times been realized.

Previous to the union, the parliament of Scotland was, like that of England, composed of peers and representatives of counties and burghs, with this distinction, that they met in one house. James the First of Scotland endeavoured to establish two separate chambers, in imitation of England, but his subjects maintained the most firm resistance to such a measure.

The first meeting of the commissioners appointed to treat of a union with the two kingdoms took place on the 10th November, 1702, but the preliminaries were not finally agreed upon until 25th June, 1706, on which day the commissioners agreed to certain resolutions and recommendations to the Crown.

Among others it was resolved, "That, in consequence of Scotland consenting to pay the same duties of Customs and Excise as England, and as an equivalent for what Scotland would be liable for towards payment of the debts of England, the sum of 398,085*l.* 10*s.* should be paid to Scotland as an equivalent." It was

further resolved, "That commissioners be appointed for disposing of the said sum of 398,085*l.* 10*s.*, out of which all the public debts of Scotland should be paid, and also the capital stock or fund of the African and Indian Company of Scotland, commonly called the Darien Company, together with interest at five per cent., should be discharged, and that immediately upon such payment the said Company should be dissolved and cease to trade or give licence to trade."

Thus justice was at last done to the unfortunate shareholders in this scheme, which, as we have before stated, was sanctioned by Act of Parliament and royal charter.

The surplus of this fund, if any, after discharging the aforesaid claims, was to be appropriated, first, in paying losses occasioned by the assimilation of the coin of Scotland to that of England, and also in encouraging and supporting the fisheries and such other improvements in the trade of Scotland as might conduce to the general good of the United Kingdom.

The Bank of Scotland is the only Scotch bank established by Act of Parliament. The directors began at a very early period to receive deposits and allow interest thereon, also to grant cash credit accounts; a minute of the directors respecting the mode of keeping the latter being dated so far back as 1729.

After the expiration of the exclusive privileges of the Bank of Scotland, they made no effort to have them renewed, thinking that they had by that time been so fully established in public favour that no other bank would stand any chance of succeeding:—they, however, at last found a rival, which ultimately proved a very formidable one.

The commissioners and managers of the fund called the Equivalent Fund had been some years previously created into a society or body corporate by letters patent,

which enabled them to manage their stock, and to receive and distribute an annuity of 10,000*l.* as interest on the principal sum of 250, 000*l.*, until the government paid it off.

Most of the commissioners resided in London, and it appears that they laid the draft of a charter for a new bank for Scotland before the Directors of the Bank of England, but the latter declined to give any positive opinion thereon. This proceeding coming to the knowledge of the Bank of Scotland, they instructed their correspondents in London to enter a caveat at the proper office, in the name of the Bank of Scotland, against granting the charter.

To explain more fully the nature of the Equivalent Fund it is necessary to observe that, previously to the union, great numbers of people of every class were creditors of the public in Scotland, and the sum stipulated by the treaty of union to be paid to such creditors fell short of the amount due to them. No parliamentary provision was made to discharge these claims till 1719, when an Act was passed appropriating to that purpose a yearly fund of 10,000*l.* sterling, payable out of the revenues of Customs, Excise, &c., preferable to all payments except the civil list.

Before the passing of this Act, many of the creditors, being doubtful whether any provision would be made for them by Parliament, and others from necessity, disposed of their debentures—these were legal documents setting forth the debts due to the persons named in them, or to their assigns—as they best could, and to the highest bidder. Many of them were purchased by persons in London, but a very considerable portion still remained in the hands of the Scots proprietors.

The King, George the First, by letters patent in 1724, incorporated all persons who then were or thereafter should be proprietors of the debentures, whereby that

public debt was constituted, "to the end they might receive and distribute their annuity." And by the same letters patent, and agreeably to the above-mentioned Act of 1719, "His Majesty covenants and agrees with the corporation from time to time at the request of that corporation to give and grant to them such other *powers, privileges, and authorities,* which he could or might lawfully grant."

In a petition which was presented to the King by the debenture holders for granting a charter with *banking powers,* it was stated "that the granting thereof would be of great use and advantage to that part of the kingdom called Scotland." The petitioners adverted to the power reserved to the Crown for granting them other powers, privileges, "and authorities," and also to the circumstance of the exclusive privileges of the old bank having expired.

The jealousy of the Bank of Scotland at seeing a rival about to enter the field broke out at last into open hostility: although they had no grounds for complaint, their monopoly having ceased, yet they considered that, although the time was limited to twenty-one years, they were a company with exclusive privileges in perpetuity. They argued, "If two banks will be of advantage to Scotland, surely more banks than one would be of benefit to England; but those of England know that the erecting a second bank there would be prejudicial not only to the present bank, but also to the whole nation; that the stock of the new bank would be made up with debentures and not money; and that the stock to be subscribed may be redeemed by government."

Many other objections were raised by the directors of the Bank of Scotland; and at a meeting of proprietors it was unanimously agreed that it was most proper and necessary to petition the King against granting a

charter, and by a memorial to lay before his Majesty what was then thought needful to be said on the subject. Accordingly the Governor of the Bank, David Earl of Leven, for and on behalf of the Governor and Company of the Bank of Scotland, laid a petition before the King, George the Second, which among other things set forth :—

"That your Petitioners, having been informed that the Equivalent Society did apply to your Majesty's royal father for a charter, giving them powers of banking in Scotland, we addressed his Majesty by humble petition and memorial to prevent the giving thereof, which were most graciously received, and we were in hopes of a hearing on the merits of the case.

"But the charter was signed by his Majesty among other papers, immediately before his Majesty's going abroad, and directed to pass the seal of Scotland, by which we were disappointed of a hearing upon it. That before the charter passed the seals, your Majesty's royal father's demise intervened, and of course it must stop unless your Majesty's royal warrant be given for passing thereof; which affords us this opportunity of addressing your Majesty against it, for the reasons contained in a humble memorial hereunto annexed.

"Your Petitioners therefore humbly hope that your Majesty may be graciously pleased to stop the granting any powers of banking to the said Equivalent Company, as tending to the prejudice of your petitioners' old and legal establishment, and the general detriment of this part of your Majesty's United Kingdom.

"And your Petitioners will ever pray."

This conduct on the part of the Bank of Scotland only tended to rouse the energies of their rivals, and they at last succeeded in obtaining a charter of incorporation, which passed the great seal the 8th of July, 1727, by a warrant from the King.

This charter is a very lengthy document: it enacts

that the name of the bank shall be "The Royal Bank of Scotland;" to have perpetual succession and a common seal; that the capital of the bank shall consist of subscriptions from the Equivalent Fund, which shall henceforth be managed by a board of directors, with a governor and deputy-governor: the qualification for governor to be 2000*l.* stock, of deputy-governor 1500*l.* stock, and of directors 1000*l.* stock: the governor, deputy-governor, and directors to be chosen annually at a general meeting of proprietors of the said fund and stock on the first Tuesday in March; and no person to be capable of voting in such, or any other general courts, who shall not at the time have 300*l.* or upwards of the capital stock of the said corporation. The stock to be considered personal estate, and not liable to any arrestment or attachment that should be laid thereupon.

Immediately on the passing of this charter the Bank of Scotland refused to grant any loans; they called in a tenth further capital, which the directors were empowered to do; they threatened to proceed against all their debtors for portions, and in some cases for the full amount, of the debts: their revenge was levelled against every one who had the least relation, alliance, friendship, or connexion, with the proprietors of the new bank.

By persevering in such conduct it was naturally to be expected that when an opportunity offered the Royal Bank would place every obstacle in their way; and the first important step taken by the Royal Bank on its commencing business, in December, 1727, was to secure the distribution of the sum of 20,000*l.*, which was ordered by the Government to be laid out in improving fisheries and manufactures in Scotland. This sum the Bank of Scotland was desirous to have the management of, but was unsuccessful, it having been placed in the hands of its rival.

On the receipt of this money, for which the Royal Bank agreed to pay interest, they bought up a large amount of the notes of the Bank of Scotland, and then demanded *instant payment for them in gold.* This unexpected demand on the Bank of Scotland caused them to stop payment, and this stoppage of payment was attributed by the friends of the bank to two causes—one the rivalship of the new bank; and the other, that the trustees for appropriating the loan of 20,000*l.* had placed in the hands of their rival the very power to oppress the bank.

The expedient which the Bank of Scotland had recourse to in this emergency was the issuing of five-pound notes, payable six months after date, bearing interest at the rate of five per cent. per annum, in exchange for those payable on demand; and on the 12th of December, 1732, they adopted a similar plan with their one-pound notes, and even with notes under that amount, which plan, being subsequently adopted by other banking companies throughout Scotland, occasioned a great scarcity of silver in the country, and generated many abuses in the banking business.

The British Linen Company was incorporated in 1746, for the purpose, as its name implies, of undertaking the manufacture of linen; and after carrying on that trade for some years, they found, to use their own words, "that it would be of more utility and better promote the objects of their institution by enlarging the issue of their notes to traders and manufacturers, than by being traders and manufacturers themselves." They therefore relinquished all mercantile and manufacturing operations in the year 1763, confining themselves to the discount of bills, advances on accounts, and other banking transactions.

In the year 1806, the company presented a petition to King George the Third, stating the nature of the

alteration which had taken place in the manner of conducting their business, and praying his Majesty, in approbation thereof, to authorize the company to increase their capital stock to 200,000*l.* when a new charter was granted; and in 1813 a third charter was granted for increasing the capital to 500,000*l.*

This bank has its head quarters in Edinburgh, with several branches throughout Scotland.

Soon after the suppression of the notes of the African Company, which during their circulation had given great uneasiness to the Bank of Scotland, the directors, with the consent and approbation of the shareholders at a general meeting, established branches at Glasgow, Aberdeen, Dundee, and Montrose, for the purpose of circulating their notes through the greatest part of the kingdom; but so little encouragement was given to these branches, the expenses far exceeding the profits arising from them, that the directors determined to close them, and confine their operations exclusively to Edinburgh.

In 1731, another attempt was made, and agencies were established at Glasgow, Aberdeen, and Dundee; but after a trial of two years they were discontinued.

Branches were again established in 1774, when the Bank of Scotland passed the following resolution:

"That it would be not only for the interest of the bank, but also of advantage to the country, that the bank should lend out money in such sums as should for the time be judged proper, and upon good security, in certain parts of the country distant from Edinburgh, particularly in and about Dumfries "and Kelso." Agents were accordingly appointed in these towns, and shortly after others were appointed at Kilmarnock, Inverness, Ayr, Stirling, Aberdeen, &c.

In the month of September, 1745, the banks of Edinburgh, in consequence of the approach of the Pretender, removed with all their valuables to the Castle of Edin-

burgh. On his entrance into the city, he issued a proclamation, which among other things stated, that "the money lodged in the banks should be entirely secure under his protection, and free from all contributions to be exacted by him in any time coming, so that the banks might return to their former business with safety, and that he himself would contribute so far in the restoration of public credit as to receive and issue bank notes in payments."

This "royal" assurance did not have the effect of bringing the bankers and their treasurers out of their strong hold; they continued in the castle till perfect order was restored, and re-commenced business on the 20th of November, 1745.

We first trace the establishment of private banks in Scotland to about the period of their introduction in England. In the 14th volume of Scots' Magazine for the year 1753, the following passage occurs: "Within these few years banks have been set on foot by some private companies in Scotland. The first was at Aberdeen. Afterwards two were opened at Glasgow, one about the beginning and the other about the end of the year 1750." The Glasgow notes circulated to a considerable extent, and were current for some time in Edinburgh, each company having appointed an agent in that city to pay these notes on demand.

These private banks adopted the plan of issuing optional notes as low as 5*s*., and, about the year 1760, public meetings were held in all the principal towns and cities in Scotland to petition against such issues. The following is a copy of an optional note for 5*s*.

"Dundee, 8th August, 1763.

£0 5 0.

"I Robert Jobson, cashier to George Dempster, esq. and Company, bankers in Dundee, by virtue of powers from them, promise to pay to Andrew Pitcairn or the

bearer on demand at the Company's office here Five Shillings sterling, or, in the option of the directors, a note of the Royal Bank or Bank of Scotland for four such notes; and these presents are signed by me and by Alexander Greenhill and John Guthrie, partners in the said company.

"R. JOBSON."

"ALEX. GREENHILL,
"JOHN GUTHRIE."

The further issuing of these notes was prevented by an Act passed in the 5th George III. cap. 39.

By the 14th George III. cap. 32, the governor and company of the Bank of Scotland were empowered to double their original capital of 1,200,000*l.* Scots; and such capital was, by successive Acts, increased till the 44th George III. which Act, after authorizing an addition to the capital of 500,000*l.* enacted "That from and after the passing of this Act the stock of the governor and company of the Bank of Scotland, and all sums of money relating to the affairs of the said bank, shall be reckoned and stated in sterling money of Great Britain; and that the division of the stock of the said company intos hares of 1,000 pounds Scot, or 83*l.* 6*s.* 8*d.* sterling, shall be discontinued, and that the same shall be allowed to be transferred, transmitted, or conveyed to others, or retained by the Bank, but under the condition, before specified, in any sums or parcels, without regard to the above division."

The last clause in the Act for establishing the Bank of Scotland was introduced for the avowed object of encouraging foreigners to take shares in the bank by a bonus of naturalization; it was recognized by five subsequent Acts of the Parliament of Great Britain; yet it remained almost for a century without any advantage being taken of its privilege. In the early part of the

year 1818, however, large amounts of stock were purchased by foreigners.

On the 9th of June, 1818, Lord Sidmouth in the House of Lords moved the first reading of a bill to prevent aliens for a time to be limited from becoming naturalized, or being made or becoming denizens, except in certain cases. The object of the bill was to prevent any alien from becoming a denizen under the Scots Act of 1695, for establishing the Bank of Scotland.

After considerable discussion and petitions by parties interested against the measure, the privilege was abolished.

The Bank of Scotland was, as we have before stated, established by Act of Parliament. The Royal Bank and British Linen Company are chartered companies, and the proprietors of their stock are not responsible beyond the amount or value of the shares which they may respectively hold. None of the other banking establishments in Scotland are chartered companies with limited liabilities. The charters granted to the Commercial Banking Company of Scotland, and the National Bank of Scotland, do not limit the responsibility of the shareholders; but they are all jointly and severally liable for the debts of the bank to the utmost extent in value of their property. Some of the Scotch banks, such as the National, the Commercial, and the Dundee and Perth Banking Company, have very numerous bodies of proprietors. Their affairs are uniformly conducted by a board of directors annually chosen by the proprietors. The business of these banks, with few exceptions, is conducted on the same principle as that of the Bank of Scotland, whose regulations are founded on the several Acts passed by the Scotch and English Parliaments, and by subsequent resolutions of the board of directors.*

* See Circular of the Bank of Scotland, 6th November, 1818.

All the Scotch banks have an original subscribed capital of their own; they receive deposits from the public, for which they allow interest, and they issue notes of all denominations from one pound and upwards. With the means thus in their power they discount bills and grant cash credit accounts, giving at the same time the usual facility in banking operations to the whole community. They draw bills on London, transfer money from one place to another, and carry on the general business of banking.

That branch of their business which consists of deposits is divided into two parts. There is first what is called a running account, when the party pays in from day to day the whole surplus funds in his hands, for which he has not an immediate use in his business, and on which he receives interest. These depositors generally consist of merchants and shopkeepers. The second branch of deposits consists of small sums placed in the hands of the banks at interest, which are generally the savings of industrious mechanics, servants, &c., and which are placed in the banks to accumulate, and on which the parties may operate, not in the nature of a current account, but may receive a partial repayment whenever they please.

This branch of their business appears to be an extension of our savings banks. The depositors go to the bank half-yearly or quarterly, and deposit the savings of their labour, which, with the interest that has accrued from their previous deposits during the preceding half-year or year, is added to the principal. In this way it goes on without being at all reduced, excepting in very rare instances, accumulating until the sum reaches the amount which the depositor has calculated will be sufficient to effect the object for which the deposit was first began, when the whole is withdrawn.

A deposit is often laid up as a provision for old age,

and many instances are to be met with in the humble classes of society of persons saving a portion of their scanty earnings to give their children what in Scotland is valued above all the advantages of wealth: viz. the benefits of an intellectual and religious education.

One of the witnesses examined before the Committee of the House of Commons in 1826 bears testimony to the above, and adds, "I have had many opportunities, both professionally and in various situations in which I have been placed, of observing the effects of these deposits, and I do think the system of the Scotch banks, allowing the rate of interest which they have done upon their small deposits, has influenced very considerably the moral character of the people." It has also no doubt tended to diffuse a spirit of economy among the mass of the people that in all probability would not otherwise have existed.

When the first two banking companies were established, the commerce of Scotland was considerably less than at present, and those banks would have done but little business if they had confined their operations to the discounting of those bills of exchange which that commerce created; they therefore invented another method, that of issuing their promissory notes by granting cash credits.

A cash credit is conferring a power or privilege upon an individual to draw upon the funds of a bank to the extent named in the licence, and they are generally granted to industrious tradesmen: before, however, the account is opened the strictest inquiry is made as to the character and habits of the applicant, to the purposes to which he can beneficially apply his cash credit, and more especially to the means which he has of promoting the circulation of the notes of the bank, particularly of the twenty-shilling and guinea notes. The security given to the bank is usually that of approved

personal security, consisting of two persons besides the applicant, and in some instances there are three, four, or five co-obligants, who all enter into a bond, binding themselves conjointly and severally. A copy of such bond will be found in the Appendix.

When the customers apply to the bank for assistance through the cash accounts, they invariably advance it to them on their own promissory notes. The notes are paid away to the farmers, merchants, or manufacturers for goods. The farmers pay them to their landlords for rent, the landlords repay them to the traders for conveniences and luxuries with which they supply them, and the traders again return them to the bank in order to balance their cash accounts, or to replace what they have borrowed of them; and thus almost the whole money business of Scotland is transacted by means of bankers' notes.

As regards the losses sustained by the banks of Scotland through the system of cash credits, the amount may be collected from the following answer to a question on this subject put to a gentleman of the name of Blair, who was examined by the Parliamentary Committee on Promissory Notes in 1826: "I literally have hardly ever heard of a bad debt by cash accounts. The Bank of Scotland, I am sure, lost hardly anything in an amount of receipts and payments of *hundreds of millions: they may have lost a few hundred pounds in a century.*"

Credits of a similar kind are commonly granted by banks and bankers in different parts of the world; but the easy terms on which the Scotch banking companies accept of repayment are peculiar to them, and have, perhaps, been the principal cause both of the large increase of business transacted by them, and of the benefits which the country has derived from the system.

The Scotch bankers have a practice, which is rigidly adhered to, viz. of exchanging each others' notes something like the system adopted at the clearing-house in London; but instead of daily exchanges the exchange is only twice a week; and it is an understanding among the bankers that none shall present to the other any of its notes for payment in cash upon the intermediate days.

A bank having upon every exchange day a certain portion of the notes of the other banks, instead of paying for the whole amount of the demands upon it, presents in its turn to every other bank that certain portion of its notes, and then the bank against whom the balance turns pays that balance only. It cannot, however, fail to be observed that, although the bank against whom the exchange turns thus pays for part of its returned issues only, viz. that part which formed the excess of its notes presented for payment over those which it held of the bank so presenting them, yet the remaining part it had in effect previously returned by cash, or something equivalent to cash, in Edinburgh, because it could not have acquired possession of the notes of that other bank without having given for them an equivalent.

The aggregate annual amount of the notes thus exchanged by the banks in Scotland is believed to be not under 100,000,000*l.* delivered, and 100,000,000*l.* received. The bank of Scotland alone deliver 10,000,000*l.* per annum, and receive in exchange as much. The system of exchanging notes began in 1752 between the Bank of Scotland and the Royal Bank, under certain rules then agreed upon.

The following is a copy of the regulations of the banks for exchanging each others' notes, dated Edinburgh, 29th June, 1835.

1. The exchange shall continue to be settled twice a

week, on Tuesdays and Fridays, and for Glasgow on Wednesdays and Saturdays; the notice and amount of the description of notes held to be given by the respective banks at half-past nine o'clock, A.M., and the balances to be paid before one o'clock the same day.

2. The payments shall be made in Exchequer bills, Bank of England notes of the value of 100*l.* or upwards, or gold, at the option of the payer, it being understood that Bank of England notes shall only be employed to pay the fractional parts o 1,000*l.*

3. The Exchequer bills shall be filled up in favour of the Bank which may be the original holders, and shall bear the distinguishing mark of "Edinburgh Exchange Bill," showing that they belong to the Edinburgh exchanges, and are not intended to be used for any other purpose, and shall be received and paid at par, with the interest that may be due when the transfer takes place.

4. The amount of Exchequer bills to be kept in the circle is fixed at 400,000*l.*, to be applied as follows:—

	£
Bank of Scotland . . .	63,000
Royal Bank	62,000
British Linen Co. . . .	50,000
Sir Wm. Forbes and Co. .	50,000
Commercial Bank . .	50,000
National Bank . . .	50,000
Leith Bank	15,000
Glasgow Union Bank . .	35,000
Western Bank . . .	25,000

and each bank so to arrange their transactions as to maintain their quota in the circle at all times.

5. The Exchequer bills to be of the value of 1,000*l.* each.

6. The amount of Exchequer bills held by each bank

shall be stated every exchange day, in the clearing-room.

7. As the Exchequer bills may be expected to accumulate with some of the banks and to be wanted by others, it shall be imperative on the parties so situated to sell or buy Exchequer bills; that is to say, the party holding the greater amount of Exchequer bills shall be bound to sell to the party in want of them what may be required for the legitimate purposes of the exchanges; but it shall not be imperative on that party to sell a greater amount than what will reduce their stock to the original quota.

8. Interest shall be paid for eight days, equal at present to one shilling per cent. upon the purchase and sale of Exchequer bills from the banks, by a draft on London at five days' date, the purchaser also paying the stamp.

9. The bills put in circulation are to be nearly of the same date, so far as is consistent with these regulations, and to be sent up for exchange before due, and new ones are to be provided, of a later date, so as to keep up the stock in the circle, and no advertised bills are to be used in the exchanges.

10. The Exchequer bills, within a week after the government notice appears in the Gazette, are to be given up to the original holders, upon receiving other bills, not advertised, with a draft on London, Bank of England notes, or gold, at the option of the holders of the advertised bills.

11. The seventh regulation will tend, in a great degree, to equalize the amount of Exchequer bills among the different banks; but if Exchequer bills should nevertheless accumulate in the hands of a party, so as to exceed their original quota by more than one third, they shall have the power to call upon the party holding the smallest amount to purchase the excess; that is to

say, the excess above their quota *plus* one third. But it shall not be imperative on any party to take more than is required to bring up their stock to two-thirds of the original amount. In this way the fluctuation in the amount of Exchequer bills among the different banks, which is an essential part of this arrangement, need never permanently exceed one-third more and one-third less than the original quota of each. The terms of purchase to be the same as in the eighth article.

12. The exchanges are to be made at the Bank of Scotland and Royal Bank alternately, who reciprocally undertake to pay to those banks who are creditors in the exchange the Exchequer bills, bills of exchange, Bank of England notes, or gold, received from those banks who are debtors in the exchange. But the Bank of Scotland, and the Royal Bank, shall not, nor shall either of them, be in any way responsible for the exchange transactions or otherwise soever.

13. The statement of balances, after they are struck, to be sent to the respective banks, from the clearing-room, by their clerks, and the clerks of the bank creditors to be in waiting to receive the amount due to them at 12 o'clock. The British Linen Company shall send to the Bank of Scotland and Royal Bank alternately a statement of their exchange transactions, signed by the manager. The clerk to bring over Exchequer bills, Bank of England notes, or gold, for payment of any balance that may be due by them, and to receive Exchequer bills, Bank of England notes, or gold, for such balances as may be due to them on the day's transactions.

14. Any bank party to this agreement to have the power of withdrawing from it, and receiving back their Exchequer bills at par, upon giving three months' notice.

15. A copy of this agreement to be forwarded to the Leith Bank, Glasgow Union Bank, and Western Bank.

Formerly it was not the practice to include cheques and due bills in the exchanges, but these are now introduced; in short, it is a general settlement of all banking transactions which are afloat in the interval between each cash exchange.*

The circulation of bank notes in Scotland is very different from the circulation in this country: it varies very materially, from different causes, not only at different periods of the year, but at different periods of the week—it fluctuates from day to day. The two great periods of the year are Whitsuntide, in May, and Martinmas, in November, at which times all the considerable periodical transactions take place, such as payment of interest on mortgages and annuities. It is also usual for the country people to go to the bank and receive interest on their deposit money: these few pounds, when not added to their original fund, they take with them into the country for their expenditure during the ensuing half year. The servants receive their wages at those periods; and there are frequently very large transfers of property by mortgage. There are four other certain periods of the year of minor consequence; and in Aberdeenshire, in the town of Aberdeen, there are the 20th of June and 20th of December, which are called the Aberdeen terms.

A bill drawn by an Edinburgh banker on a London banker at ten days' date is, at Edinburgh, more valuable than gold; for the net value of a large sum of gold is its produce at the price of the day, deducting the expense of its transmission to London, and, as we have observed, gold will not circulate in Scotland.

We have shown that, when the branches of the Bank of Scotland were first formed, so little encouragement was given to them that after a few years' trial they were closed. Now, however, in many cases, the branches far

* *Vide* Report of the Committee on Banks of Issue, 1841.

surpass the parent bank in the magnitude of their transactions, and the consequent amount of profit. We are assured by a manager of one of those branches that the parent bank in Edinburgh scarcely pays its expenses: this no doubt arises from the circumstance that the metropolis of Scotland is not an emporium of either foreign commerce or manufactures.

There is a regulation with respect to the management of their branches which is peculiar to the Scottish banks; for when the branch bank is of considerable magnitude the manager is required to give a bond with one or more securities for 2000*l.* up to 20,000*l.*. and he is made responsible in his own individual capacity for all the bills he discounts, and the losses, whenever they occur, on overdrawn accounts; so that his discretionary power on these two heads is fettered only by his responsibility, which naturally induces him to adopt the utmost caution in the exercise of his judgment.

As regards the cash credits the managers have no discretion: this part of their business entirely rests with the directors, who, however, are more or less influenced by the reports they receive from the managers. The persons generally selected to fill the important part of bank managers are generally such as, in addition to their knowledge of banking, have a local influence in the towns to which they are appointed.

In 1825 there were 167 banks in Scotland, of which 133 were branch banks. The population being then 2,200,000, there was one bank to every 13,170 individuals. There are now about 380 bank offices in Scotland, of which 343 are branches.

The estimated total amount of deposits at present in the banks throughout Scotland is supposed to be 27,000,000*l.*; and the average amount of the banking profits is supposed to be 600,000*l.* per annum: the Bank

of Scotland pays about 3000*l.* per annum to government for licences.

The Bank of Scotland, the Royal Bank, and the British Linen Company, are specially exempted from making returns of the number and names of their proprietors to the Stamp Office, as is required of all the other joint stock banks, to entitle them, under the 7 George IV. to sue and be sued.

During the discussion in Parliament in the year 1826, respecting the propriety of suppressing the small-note circulation of Scotland, and establishing a conformity in the system of Scotch banking with that of England, public attention was drawn to a series of letters bearing the signature of Malachi Malagrowther, which appeared in an Edinburgh newspaper, and written, as was subsequently proved, by Sir Walter Scott, from whence we extract the following:

"It is surely enough to plead we are well: our pulse and complexion prove it. Let those who are sick take physic. But the opinion of the English ministers is widely different; for, granting our premises, they deny our conclusions. The peculiar humour of a friend whom I lost some years ago is the only one I recollect which jumps precisely with the reasoning of the Chancellor of the Exchequer. My friend was an old Scottish laird, a bachelor and a humourist, wealthy, convivial, and hospitable, and of course having always plenty of company about him. He had a regular custom of swallowing every night one of Dr. Anderson's pills, for which reasons may readily be imagined. But it is not so easy to account for his insisting on every one of his guests taking the same medicine; and, whether it was by way of patronising the medicine—which is in some sense a national recipe—or whether the mischievous old wag amused himself by anticipating the delicate embarrass-

ment which the dispensation sometimes produced in the course of the night, I really cannot even guess. What is equally strange, he pressed this request with a sort of eloquence which succeeded with every guest. No man escaped, though there were few who did not make resistance. His powers of persuasion would have been invaluable to a minister of state. 'What, not one *leetle Anderson* to oblige your friend, your host, your entertainer?" He had taken one himself, he would take another, if you pleased; surely, what was good for his complaint must of course be beneficial to yours. It was in vain you pleaded your being perfectly well, your detesting medicine, your being certain it would not agree with you; none of these apologies were received as valid. You might be warm, pathetic, or sulky, fretful or patient, grave or gay, in testifying your repugnance, but you were equally a doomed man—escape was impossible. Your host was in his turn eloquent, authoritative, facetious, argumentative, pathetic; above all, pertinacious. No guest was ever known to escape the *leetle Anderson.*"

Sir Walter was also particularly facetious in describing the danger of sending chests of gold through the Highland glens, and the probability of its creating a new race of Rob Roys.

These letters were noticed by almost every periodical of the day; but the greatest honour paid to them was the notice taken of them, even in Parliament, as "dangerous productions." The jokes of Sir Walter were actually treated as incentives to rebellion; and some member gravely averred in the House of Commons, that "if such letters had appeared a few years back, they would have subjected the author to condign punishment."

Even the Chancellor of the Exchequer thought himself bound to notice them. On opening the budget on the 19th of March, 1826, after describing the alterations

of the Board of Customs and Excise in Scotland, he concluded by saying, "So long as I am armed with the consciousness of seeking to diminish the burdens, and increase the happiness, of the people, I can look without terror upon the flashing of the Highland claymore, though evoked from its scabbard by the incantations of the first magician of the age."

The following remarks on the same subject are extracted from a pamphlet which among many others issued from the press at that time.

"Are your Scotch banks really so solid? This is a delicate question, and one which I am sorry that you, and those who agree with you, have stirred, and stirred with so much pretension as to make it a necessary ingredient in even the most cursory consideration which can be given on the subject.

"I shall deal with it as tenderly as I can. I begin by admitting, and that it is much as I suppose can be asked of me, that the banks, and the individuals who compose them, are 'abundantly opulent,' and possessed in the aggregate of property sufficient to answer all the engagements they may make.

"I further admit that such a foundation is quite solid and sufficient for the general business of trade, and for all the highest transactions of commercial intercourse; but, on the other hand, I would ask, what defence do they afford against an unreasonable panic, which, in matters of paper currency, is the evil most likely to occur, and most necessary to be guarded against? In the late panic in London, firms possessed not merely of land and hereditaments, and such like inconvertible property, which you represent as being the most satisfactory foundation of the credit of the Scotch banks—firms, I say, possessed of stock and Exchequer bills to more than the amount of their engagements, were unable to convert them into cash for immediate use.

"You say, that only two or three Scotch banks have failed in a long series of years. I admit the fact, and might say something of the apologue of the 'Pitcher and the Well;' but I think I can, without the aid of allegory, explain the causes, and consequently the precariousness, of their exemption from accidents of that nature.

"The first cause of their uninterrupted credit is no doubt their position, wealth, and the great stake which the partners visibly have in the country; but this cause, as we have just seen in England, is not conclusive against a panic.

"The second, I take to be, that the Scotch banks 'hold together:' that, conscious that not one of them could stand, what is called in England 'a run,' they help one another, for the sake of what is a common cause. When a run takes place on a banker in Scotland, how is it met? By paying these notes 'in specie?' If that were the case, you might well boast of the solidity of the Scotch banks. But, I fancy, that no such thing as a payment in coin was ever heard of. The threatened bank glorifies itself if it is able to pay its notes by the notes of one of its neighbours; and thus, by a mutual interchange of support, two banks, which were objects of suspicion in their respective districts, might weather the panic, by the help of the notes of each other.

"This, as I conclude, from facts supplied by yourself, is the real cause that there has been no loss by the failure of any Scotch banks. And as long as this confidence exists, and the public is satisfied with this kind of joint stock security—so long as the ice continues strong enough to bear you, all is well, and your operations glide away with smoothness and rapidity. But if an unlucky accident should happen—if one or two should fall in—is it possible to calculate how many they might drag after them, or what number might

perish in the attempt to save this original sufferer? And who can pretend to say when or where a general panic may be excited? Such a panic, I mean, as should affect any considerable quantity of the paper circulation, and occasion a second run on any of the banks 'at once;' and who, still wiser, can tell what the disastrous consequences of such a panic might be?"

We have quoted largely from this pamphlet, because the author embraces nearly all the arguments of the other writers on the subject. He admits "that the banks and the individuals who compose them are abundantly solvent, and possessed in the aggregate of property sufficient to answer all the engagements they may make."

It has been well said that one ounce of fact is worth a ton of argument; and the above admission must at once put an end to all doubts and apprehensions; for what more can be required of a bank than its ability *at all times honourably to fulfil all its engagements*.

There is no institution on earth that can be called perfect; and it is on this account, we presume, that the author indulges in a frightful contemplation of what would happen if the banks failed to do what he admits they can do on all ordinary occasions. And the only ground for his fears is the probability that the payment of all their notes and other debts will be, at some time or other, simultaneously demanded; when they—the banks—will be unable to discharge them.

Now, this is just as likely to happen as that all the parties who have insured their lives in the Equitable Life Office, numbering upwards of 9000 individuals, were, on a given day, to meet at one time and in one place and be all killed on the spot, and the life office in question to be called upon to pay, on the instant, the large amount that would be due to the representatives of the deceased. Such a case is not within the pale of

probability any more than it is probable that the people of Scotland would set about ruining their banks, while at the same time they would be involving themselves in ruin.

Almost every individual throughout Scotland who has by trade or otherwise accumulated capital, becomes a partner in the banking establishment in his immediate neighbourhood, or otherwise interests himself in its success: this is, in truth, the foundation of the unlimited credit enjoyed by the Scotch banks; it is the basis of that undoubting confidence which the public repose in their stability. In short, it may justly be stated, that the surplus wealth of England has been invested in the national debt, and that of Scotland in her banks.

That which the author seems to consider faulty in the Scotch system of banking, viz., the payment of their notes with the notes of other banks, is eminently advantageous to the public as well as to the banks. Was it ever made a charge against the London bankers that, instead of paying their acceptances and the drafts daily drawn on them with bank notes or gold, they pay them with the drafts, &c., held by them on other bankers? If not, where is the inconsistency of the plan adopted by the Scotch banks of paying each other's notes by exchange?

The most persevering opposition was offered by the people of Scotland to the introduction of the measure for suppressing their small-note circulation. The Earl of Lauderdale, in noticing the large public meetings which had been held in Edinburgh to petition against the alteration of their currency, stated that the only dissentient voice was that of a former "goldsmith, who, from his former habits, had been unable to forget his intimate acquaintance with the precious metals, and

who had thus acquired an unconquerable attachment to metallic currency."

In the early part of the year 1826, Committees of both Houses of Parliament were appointed to inquire into the Irish and Scotch system of banking. They summoned before them not only Scotch bankers, but merchants and other gentlemen of the first intelligence and respectability in the country; and, in order to render the investigation as ample and satisfactory as possible, both committees examined the Governor and Deputy-Governor of the Bank of England, as to the effects produced on the paper circulation of England by the small-note currency of Scotland. In this manner a mass of very valuable evidence was collected; and, after a comprehensive and laborious investigation, both Committees were satisfied that the small-note circulation of Scotland should remain undisturbed by legislative interference, and reported accordingly.

The report of the Committee of the House of Lords, after reverting to the various circumstances detailed in the evidence respecting the currency of Scotland, states that "it is proved by the evidence and by the documents, that the banks of Scotland, whether chartered joint stock companies or private establishments, have, for more than a century, exhibited a stability which the Committee believe to be unexampled in the history of banking; that they supported themselves from 1797 to 1812 without any protection from the restriction by which the Bank of England and that of Ireland were relieved from cash payments; that there was little demand for gold during the late embarrassments in the circulation in 1825-6; and that, in *the whole period of their establishment*, there are not more than two or three instances of bankruptcy." What follows is particularly worthy of attention: "As during the whole of

this period a large portion of their issues consisted almost entirely of notes not exceeding 1*l.* or 1*l.* 1*s.*," there is the strongest reason for concluding that, as far as respects the banks of Scotland, the issue of paper of that denomination has been found compatible with the highest degree of solidity, and that there is not, therefore, while they are conducted on the present system, sufficient ground for proposing any alteration with the view of adding to a solidity which has so long been sufficiently established."

The report concludes that, "unless some new circumstances should arise to derange the operations of the existing system in Scotland itself, or materially to affect the relations of trade and intercourse between Scotland and England, they were not disposed to recommend that the existing system of banking and currency in Scotland should be disturbed."

It was in evidence before the above Committee, that the banks of Scotland always keep a small amount of gold by them to meet any demand, but it is seldom asked for; and that in Scotland a sovereign is seldom seen except in the card purse of an old maid, or in the cabinet of some recluse virtuoso; and that in one instance a bank was established, whose foundation was a large amount of guineas, but they remained in the coffers of the bank undiminished, and were only taken out and exchanged for sovereigns at the time of the new coinage.

It is generally admitted that for the rapid advance which Scotland has made within the last century in wealth and prosperity, it is very largely, if not mainly, indebted to its banking system, previous to the introduction of which the poverty of Scotland was proverbial. Adam Smith mentions, that at the time of the publication of his work on the "Wealth of Nations," "there was a village in Scotland so poor that it was

customary for a workman to carry nails as money to the baker's shop or alehouse."

In Sir James Stuart's "Principles of Political Economy," we find the following assertion, "that it is to the banks of Scotland the improvement of that country is entirely owing, and that all commercial countries by imitating them will reap advantages of which they are at present deprived."

"The case of Scotch banking," says Sir Henry Parnell, "is, perhaps, the most perfect and satisfactory illustration of a science that has ever existed: it leaves nothing to be desired in order to establish beyond dispute the conclusion, that if bankers are restricted from issuing for less than twenty shillings, and are subjected to the obligation of an immediate and unconditional payment of their notes as soon as presented, the trade of banking may with safety to the public be rendered in all respects free."*

These accumulated facts and opinions prove, that gold is not required as a medium of circulation for internal commerce in Scotland, and that the people of that country are perfectly content to rely on the stability of their banks.

It is only by comparison that the advantages of any system can be fully understood; and, in comparing the Scotch with the English system of banking, it will be no difficult task to determine to which the preference is due. The confidence in the Scotch banks is unbounded. The public never contemplate losing by the breaking of the banks, most of them being joint stock companies with extensive proprietors.

So far back as the year 1819, when "Peel's Bill," as the currency measure of that day is called, was discussed, the minister was told that a certain remedy was at hand which would for ever remove the doubts

* Sir H. Parnell on Paper Money, p. 151.

respecting the solvency of the English country banks, and that was the Scotch system of joint stock banking.

Why, it may be asked, was such an opportunity permitted to pass without placing the circulation of bankers' notes in England on so solid a basis? The answer is ready. There was a clause in an Act obtained so far back as the reign of Queen Anne, prohibiting any number of persons, except the proprietors of the Bank of England, from establishing themselves as bankers in England and Wales, exceeding the number of six persons. This monopoly of exclusive banking, which we have adverted to in its proper place, was granted to the Bank of England *for a valuable consideration*, under the apprehension that large copartnerships might affect the permanent influence of the Bank in its pecuniary transactions with the government.

And this was thought by successive Parliaments a sufficient justification, in addition to the *valuable consideration paid for the monopoly* on every renewal of the charter, for adhering to the engagement with the Bank. And it was not until a panic or an universal mistrust in the banks came upon the nation so as to "fright the isle from its propriety," that the government, upon the earnest solicitation of men who had studied the advantages of the Scotch system of banking, consented to introduce a measure to Parliament that would not only enable the English private banks to increase the number of their partners, but permit the formation of joint stock banks with an unlimited number of partners, after having been suppressed for nearly a century and a half.

There have been only three considerable failures among the joint stock banks in Scotland within the space of one hundred and thirty years, and these failures were ultimately attended with little or no loss to the public, but, from the nature of their constitution,

to the partners only who had become shareholders, as the following case will prove.

In the year 1778, the proprietors of the bank of Douglas, Herring, and Company, better known by the name of the Ayr Bank, having lost the whole of their paid-up capital, a call was made on each shareholder for 300*l.* This sum many of them refused to pay, upon the plea that they were not liable for more than their stock, and that a great part of the loss was occasioned by the directors borrowing money on annuities, which they had no power to do.

To this it was replied, that the directors had full power to borrow money for the use of the company, but at any rate the creditors of the bank must be paid, in whatever manner the directors and proprietors might settle the matter between themselves afterwards. The question of liability was subsequently brought before the Court of Sessions of Scotland, and the court unanimously condemned the proprietors to pay the additional call of 300*l.* per share, together with costs of suit.

Nothing can be more just than this decision, and it has served as a guide to the shareholders of all banks established since that period. The extent of the liabilities of the partners in a banking company cannot be disputed, and, although such liabilities are nominal when the joint stock company is prosperous, it may be far otherwise should anything go wrong.

One of the witnesses examined before a Committee of the House of Commons, in 1841, on Banks of Issue, in answer to the question 2367, as to what portion of the people of Scotland receiving notes employ bankers, said, "We have been inquiring into that since we came together. One of the gentlemen here, who is at the head of a bank with a large number of branches, informs me that the number of creditors of his bank is 20,000. In our own case I have a return since I came to town,

making the number in our bank 13,770; and one of the gentlemen who is here, and who is at the head of a bank without branches, says that he has 7000 people holding his obligations." This statement, though extremely limited, shows how deeply the people of Scotland are interested in their banking system.

Banking as practised in Scotland, although undoubtedly possessing numerous advantages, which we have in the preceding pages amply displayed, is not without its defects, and we now proceed to point out one of those defects, which however may not appear such to the parties interested—it is, the absence of all official information as to the true state of the affairs of the bank.

The returns made by the banks, in compliance with the 8th and 9th Vict. cap. 38, are simply confined to the average amount of notes circulating within a given period, and the average amount of coin held by the banks during the same period: they do not convey any information as to the amount of assets and liabilities of the bank; the note-holder is therefore entirely in the dark as to the real condition of the bank.

It does not appear that any printed or other report of the state and affairs of any of the banks is ever issued to the public.

It is true that they have their periodical assemblies of proprietors, at which the directors enter into explanations respecting the affairs of the company, and declare a dividend; but whether such dividends are paid out of the actual profits annually accruing, and never out of the capital invested in the concern, no one but the parties immediately interested can tell: the proprietors, having confidence in the discretion and integrity of the directors, are generally satisfied with such statements.

The Scotch are proverbial for caution in monetary affairs. It appears therefore almost incredible that for

upwards of a century and a half the Bank of Scotland should have been able to command such unlimited confidence in its stability, without ever laying before the public a statement of its affairs. These remarks are alike applicable to the other banks, two of which have been established for upwards of a century.

A bank, however high it may stand in public estimation, which seeks the protection of the Crown, and obtains the important privilege not only of issuing promissory notes payable to the bearer on demand, but of securing its members against any liability beyond the amount of its joint stock or fund, ought not to content itself by satisfying the scruples, if any, of its own members when assembled at a meeting to which the public have no access; but should for its own sake annually publish an account of its assets and liabilities, verified by two auditors of known character and standing, so that the public may be fully satisfied that the rules and regulations for the efficient management of the affairs of the bank are strictly complied with by those intrusted with the direction of its affairs.

On the following points the law of Scotland differs from that of England and Ireland. The holder of a dishonoured bill of exchange in Scotland is entitled to a privilege which, singular enough, is a remnant of an old law established during the time that Catholicism was the acknowledged religion of the country. The clergy of that day were empowered to determine civil pleas as well as ecclesiastical. The names of all the parties who refused or neglected to pay the clergy dues or other debts were registered in an office called the register-office, and after a certain number of days the creditors were empowered to seize either the person or property of the debtor.*

* By the law of Scotland all heritable property, lands, and houses may be seized in satisfaction of their debts. As this is not the case in

The Court of Sessions of Scotland now exercises the power originally belonging to the ecclesiastical court. The holders of all unpaid bills that have been duly protested may at any time, within six months after their dishonour, produce such bills and protest, when the same will be registered in the court books, and in six days from the registration execution may be issued against the debtor without any further process."*

To entitle the holders of dishonoured bills to this privilege there must be no alteration, interlineation, erasure, or ambiguity, on the face of the bill. Notice of non-acceptance or non-payment to the parties implicated on the bill must be strictly attended to.

The bill must be duly protested, and the protest be extended and recorded. If for non-acceptance, against the drawer and indorser; if for non-payment, against the drawer, indorser, and acceptor.

Action on bills of exchange is cut off by limitation in England, and by prescription in Scotland, after the lapse of six years. In the former case an acknowledgment in writing, or a partial payment, will interrupt the limitation, but prescription cannot be so interrupted. It can, however, be interrupted by an action, and after it has run against the bill, the simple debt may be proved from other sources.

The Act of the 8th and 9th Vict. cap. 38, confers a privilege upon the Scotch banks, which we imagine, from the opposition made to it on its first promulgation, was not remarked. Although it does not prevent the issue of one-pound notes, but only limits the maximum

England, where personal or movable property can alone be taken by creditors, it would not be possible to establish banks in the south part of the island on the principle of the Scottish banks, till the law touching heritable property underwent alteration.—Chambers's Information for the People, article Commerce, Money Banks, p. 511.

* See Act of the Scottish Parliament, 3 Charles II. cap. 21.

amount of circulating paper, it absolutely confers a monopoly upon the existing banks, by preventing the formation of any future banks of issue. This in our opinion is one of its most objectionable points, and the only one that made the law palatable to the banking interest of Scotland.

CONCLUSION.

In closing our historical account of Banking in England, Ireland, and Scotland, we will briefly remark on the question which has frequently occupied public attention; viz., whether it would not be prudent to create one bank of issue for paper money for the United Kingdom, and that bank to be the Bank of England. This plan, according to the opinions of many men eminent for their long practical experience, is the only remedial measure for placing the currency of this country on a secure and solid basis. The opinions of such men are undoubtedly worthy of attention. It does not, however, become us to oppose either this or any other measure which may be thought conducive to the public weal; but thus much we trust we may be permitted to state, that the true method by which the issues of a bank, such as the one proposed, should be regulated, is not by attention to isolated facts or opinions, but by taking a comprehensive view of the following subjects.

The quantity of the bullion in their coffers.

The probable amount of bullion in circulation throughout the United Kingdom.

The amount of notes in circulation.

The amount of bills of exchange in circulation.

The amount of their deposits.

The amount of securities in their possession.

The collection of the revenue and probable assistance required by government.

The prices of wheat and other grain.

The amount of imports and exports, and particularly the American trade.

The state of the exchanges in its most extended application.

The prices of British and foreign funds.

The state of the public mind in the United Kingdom, whether turbulent or pacific.

The state of our foreign relations.

The season of the year, together with numerous other considerations, the above being but a tithe—such as the quantity of cotton on hand, and its price in relation to previous periods, and so forth.

It may be said that to do all this would entail considerable expense on the Bank, and that it is more than the public have a right to expect. The answer is ready. Where extraordinary trust is reposed, and enormous profits are awarded to the exclusion of others, the nation have a right to look for consummate talent.

Let the Bank at least make the attempt. Let them cast aside all antiquated prejudices, all considerations of personal aggrandisement; let the corporation be content with less profits, if the public service demand such a sacrifice; let their activity be indefatigable, and their exertions ceaseless; let them be cautious in deciding, prompt in acting, and in all most prudent; let them pursue steadily this course for a series of years, and then will be seen the good effects of a reasonable and judicious system in the comparative rarity or entire annihilation of panics.

But whatever may be the difficulties in the way of the settlement of this complicated question, let us hope that neither the government nor the Bank will be discouraged from doing their utmost to bring about by every means in their power some change whereby the confidence of the public in the circulating medium may be equal to the confidence of the government itself, and when as a consequence the conceived hobgoblins, frightful monsters, and horrid spectres called Panics, shall vanish, cease, and be no more.

APPENDIX,

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APPENDIX.

I.

A Copy of the CHARTER of the CORPORATION and COMPANY of the BANK of ENGLAND.

William and Mary, by the grace of God King and Queen of England, Scotland, France, and Ireland, defenders of the faith. To all to whom these presents shall come, greeting.

Whereas in and by a certain Act lately made in Parliament, intituled "An Act for granting to their Majesties several Rates and Duties upon Tonnage of Ships and Vessels, and upon Beer, Ale, and other Liquors," for securing certain recompenses and advantages in the said Act mentioned to such persons as shall voluntarily advance the sum of one million five hundred thousand pounds towards carrying on the war with France; it is amongst other things enacted that for and during the term of four years, commencing from the first day of June, one thousand six hundred and ninety-four, there should be throughout the kingdom of England, dominion of Wales, and town of Berwick-upon-Tweed, raised, levyed, collected, and paid for and upon the tonnage of all ships and vessels wherein at any time or times and for every time during the said term of four years there should be imported any goods or merchandize into this kingdom of England, dominion of Wales, or town of Berwick-upon-Tweed, from any parts, places, or countries in the said Act mentioned, and wherein during the said term there should be carried coastwise from any port, member, or creek in the kingdom of England, dominion of Wales, or town of Berwick-upon-Tweed, into any other port, creek, or member within the same kingdom, dominion, port, or town, the several and respective rates, impositions, duties, and sums of money in the said Act mentioned; and that from and after the seventeenth day of May which shall be in the year of our Lord God one thousand six hundred and ninety-seven, there shall be throughout the said kingdom of England, dominion of Wales, and town of Berwick-upon-Tweed, raised, levyed, collected, and paid unto us, ourheirs and successors, for beer ale, syder, and other liquors, certain additional rates and duties of Excise in the said Act particularly expressed; and that weekly, to wit on Wednesday in every week, if it be not an holiday, and if it be then the next day after that is not an holiday, all and every the moneys arising by the rates and duties by the said Act granted should be paid into the receipt of the Exchequer, under certain penalties therein mentioned; and that yearly

and every year, reckoning the first year to begin from the first day of June, one thousand eight hundred and ninety-four, the full sum of one hundred and forty thousand pounds, by or out of the said moneys to arise by the said several duties upon the tonnage of ships and vessels, and by the said rates and duties of Excise, or any of them, and to be brought into the Exchequer by weekly payments as aforesaid, in case the said weekly payments should extend thereunto, and should be the whole and entire yearly fond; and, in case the said weekly payments should not amount to the hundred and forty thousand pounds per annum, then the said weekly moneys or payments, so far as the same will extend, should be part of the yearly fond for and towards the answering and paying of the several annuities and other purposes in the said Act expressed; and in case the said duties upon the tonnage of ships and vessels, and the said rates and duties of Excise, or any of them, should at any time or times appear to be so deficient or low in the produce of the same as that within any one year, to be reckoned as aforesaid, the weekly payments upon the said rates or duties, or any of them, should not amount to so much as one hundred and forty thousand pounds, or to so much as shall be sufficient to discharge and satisfy the said several and respective annuities and other benefits and advantages by the said Act intended or appointed to be paid within or for the same year respectively, that then and so often and in every such case the Commissioners of our Treasury, and the Treasurer and Under-Treasurer of the Exchequer now being, and the Treasurer and Under-Treasurer of the Exchequer or Commissioners of the Treasury for the time being, are thereby strictly enjoined and required, by virtue of the said Act, and without any further or other warrant, to be sued for, had, or obtained from us, our heirs or successors in this behalf, to cause every such deficiency to be made good by applying, issuing, or paying so much of any treasure or revenue belonging, or to belong to, unto us, our heirs, or successors, not being appropriated to any particular use or uses by any Act or Acts of Parliament, towards the discharging or paying of the said annuities or other benefits or advantages appointed to be paid by the said Act as, together with the moneys which shall have been brought into the said receipt of or for the said several rates or duties, shall be sufficient to pay off and discharge, and shall compleatly pay off and discharge, all the moneys which within the same year respectively shall be grown due or ought to be paid upon the said annuities or other benefits or advantages, according to the true intent and meaning of the said Act. And it is thereby further enacted, that it should and might be lawful to and for us, by commission under the great Seal of England, to authorise and appoint any number of persons to take and receive all such voluntary subscriptions as should be made on or before the first day of August, in the year of our Lord one thousand six hundred and ninety-four, by any person or persons, natives or foreigners, bodies politic or corporate, for and towards the raising and paying into the receipt of the Exchequer the sum of one million two hundred thousand pounds, in the said Act mentioned, and that the yearly sum of one hundred thousand pounds and part of the said yearly sum of one hundred and forty thousand pounds arising by and out of the duties and impositions aforemen-

tioned should be applied, issued, and directed as is thereby appropriated to the use and advantage of such person or persons, bodies politic and corporate, as should make such voluntary subscriptions and payments, their, heirs, successors, or assignees; and that such weekly or other payment arising by and out of the said duties and impositions should by the auditor of the receipt of the Exchequer from time to time, as the same shall be paid in, be separated and divided into five seventh parts and two seventh parts, and that the said five seventh parts of the said several payments arising by and out of the duties and impositions aforesaid, and so set apart, shall be appropriated for and towards the payment and satisfaction of the said yearly sum of one hundred thousand pounds, and shall from time to time be issued and paid, as the same shall come into the said receipt of Exchequer, to the uses and advantages of such subscribers and contributors, their heirs, successors, or assignees as shall subscribe and contribute for and towards the raising and paying into the said receipt of Exchequer the said sum of one million two hundred thousand pounds; and that it should and might be lawful for us by letters patent under the great Seal of England to limit, direct, and appoint how and in what manner and proportion, and under what rules and directions, the said sum of one million two hundred thousand pounds, part of the said sum of one million five hundred thousand pounds, and the said yearly sum of one hundred thousand pounds, part of the said yearly sum of one hundred and forty thousand pounds, and every or any part and proportion thereof, may be assignable or transferable, assigned or transferred, to such person or persons only as shall freely and voluntarily accept of the same, and not otherwise, and to incorporate all or any of such subscribers and contributors, their heirs, successors, or assignees, to be one body corporate and politic, by the name of the Governor and Company of the Bank of England, to have perpetual succession, and with such privileges and powers and to be under such rules as are therein mentioned, subject nevertheless to a certain proviso or condition of redemption in the said Act contained. And it is thereby further enacted, that in case the said whole sum of one million two hundred thousand pounds should not be advanced and paid into the receipt of the Exchequer before the first day January which shall be in the year of our Lord one thousand six hundred and ninety-four, that then the subscribers and contributors for and towards the raising and paying the said sum of one million two hundred thousand pounds, part of the said sum of one million five hundred thousand pounds, their heirs, successors, and assignees, shall only have and receive so much and such parts and proportion to the said sum and sums so respectively paid and advanced as shall be after the rate of eight pounds per centum per annum. And, for the better and more speedy payment of the said yearly sum of one hundred thousand pounds, the Commissioners of our Treasury and the Under-Treasurer of the Exchequer now being, and the High Treasurer or Commissioners of the Treasury for the time being, are thereby strictly enjoined and required, by virtue of the said Act, and without any further or other warrant to be sued for, had, or obtained from us, our heirs or successors, to direct their warrants yearly for the payment of the said yearly sum of one hundred thousand pounds to the contributors of the said sum of one million two

hundred thousand pounds, in such manner and proportion as are therein directed and appointed; and the auditors of the receipt of our Exchequer and all other officers of the Exchequer now and for the time being are thereby directed and enjoined to issue the said moneys so set apart for the uses aforementioned from time to time without any fee or reward, and under such penalties as are by the same Act to be inflicted. And in the said Act is contained a proviso that in case the whole sum of one million two hundred thousand pounds, or a moiety thereof, should not be subscribed on or before the first of August, one thousand six hundred and ninety-four aforesaid, that then the powers and authorities in the said Act for creating a corporation as aforesaid should cease and determine. And it is further enacted that any monies payable to any person or persons upon or by virtue of the said Act, shall not be charged or chargeable with any rates, duties, or impositions whatsoever, as in and by the said Act of Parliament, amongst divers other matters and things therein contained, relation being thereunto had, may more fully appear.

And whereas in pursuance of the said Act we did by our Commission or Letters Patent under the Great Seal of England, bearing date at Westminster, the fifteenth day of June now last past, nominate, authorise, constitute, and appoint our trusty and well beloved Sir William Ashurst, knight, Mayor of our city of London, and [here follow the names of the Commissioners] to be our Commissioners to take and receive all such voluntary subscriptions as should be made on or before the first day of August, in the year of our Lord one thousand six hundred and ninety-four, by any person or persons natives or foreigners, or by or for any body politic or corporate, for or towards the raising or paying the said sum of one million two hundred thousand pounds, part of the said sum of one million five hundred thousand pounds in the said Act mentioned, with power and direction therein, or such or so many of them as are thereby authorised and appointed, to take such subscriptions, and do and perform such matters and things in relation thereunto as are thereby enjoined, and in and by the same promise and declare that in case the whole sum of one million two hundred thousand pounds, or the moiety, or any greater part, thereof should be subscribed on the said Act, or in pursuance of the said Commission, on or before the said first day of August then next ensuing, that then we, our heirs, and successors should and would immediately after the said first day of August, or so soon as one million two hundred thousand pounds should be subscribed as aforesaid, which of them should first happen, grant and make forth our Royal Charter or Letters Patent under the Great Seal of England, and thereby incorporate all or any such subscribers and contributors who should be then living, and who should not have assigned their interest in the said subscriptions, and in case any of them should be dead, the heirs of such subscribers, and in case any of the said subscribers should have assigned their interest in their said subscriptions, in all such cases the assignees of such subscribers, to be one body corporate and politic, by the name of THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND, with such powers, capacities, privileges, benefits, liberties, and advantages, and under and subject to such rules, restrictions, power of redemption, provisoes, limitations, and clauses as are therein mentioned or referred

unto; and we did thereby for us, our heirs, and successors, declare, limit, direct, and appoint that the whole sum or amount of all and every sum and sums of money as should be subscribed and paid as aforesaid, should be and be called, accepted, esteemed, reported, and taken as common capital and principal stock, and all and every person and persons, his, her, and their heirs, successors, and assignees, according, and in proportion to the sum or sums of money by him, her, or them respectively subscribed and paid thereunto, should have and be deemed to have an interest or share in the said principal stock, and of and in the yearly fond granted by the said Act of Parliament as aforesaid; and that such interest or share, or any part thereof, should be assignable and transferable, and should and might be assigned and transferred by any person or persons intituled thereunto to any other person or persons, and so over as fully and effectually as any other interest whatsoever is by law assignable, so as such assignment or transferance should be made in writing, and be entered or registered in such manner as is hereinafter mentioned; that is to say, all assignments or transferances which should be made on or before the first day of August next ensuing, or the full and complete subscribing of the said one million two hundred thousand pounds, which should first happen, and before the granting of these presents, were thereby directed to be entered and registered in the office of the auditor of the receipt of our Exchequer, within six days after the making of the said respective assignments; and all assignments and transferances which should be made after the granting of this our charter of incorporation, should be made, entered, and registered in such form as should be prescribed in these presents, and in the said Commission are contained several other powers, directions, agreements, clauses, matters, and things, as in and by the same relation being thereunto had more fully and at large appears. And whereas it appears by duplicates transmitted into the office of the auditor of the receipt of our Exchequer, under the hands and seals of five or more of our said Commissioners, being a competent and sufficient number for that purpose, and made in pursuance of our directions in the said Commission contained, that several sums amounting in the whole to the sum of one million two hundred thousand pounds have been subscribed, and the first fourth part thereof paid to our said Commissioners, or some of them, pursuant to the said Act of Parliament, on or before the second day of July last by or for Sir William Ashurst, knight, mayor of our city of London, [then follow the names of the several subscribers]. Now know ye that We, being desirous to promote the publick good and benefit of our people, which in these presents are chiefly designed and intended, as well as the profit and advantage of all such as have subscribed and contributed according to the said Act of Parliament, and our said Commission thereupon issued, their heirs, successors, and assignees respectively, and in pursuance as well of the powers and clauses for this purpose contained in the said Act of Parliament as of our gracious promise and declaration, made in or by our said Commission or letters patent, under the Great Seal of England, whereby the subscriptions and contributions in the said Act have been promoted or encouraged, and by virtue of our prerogative royal, and likewise of our especial grace, certain knowledge,

and mere motion, have given, granted, made, ordained, constituted, declared, appointed, and established, and by these presents for us, our heirs, and successors, do give, grant, make, ordain, constitute, and appoint, and establish, that the said Sir William Ashurst, knight, mayor of our city of London [here the names of the several subscribers are repeated], and all and every other person and persons, natives and foreigners, bodies politick or corporate, who over and above the persons before especially named, have at any time or times before the making of these presents subscribed and contributed any sum or sums of money towards the said sum of one million two hundred thousand pounds so subscribed pursuant to the said Act and our said Commission, and have paid the fourth part thereof upon their said subscriptions, and who are now living or existed, and have not assigned their interest in the said subscriptions, and all and every the heirs and successors of any of the said original subscribers who are now dead, and have not in their lifetimes assigned their interests in the said subscriptions, and the heirs and successors of such of the said assignees who are now dead and did not in their lifetimes assign or part with their interest in the said stock and annual fond, and all and every person or persons, natives or foreigners, bodies politic and corporate, who either as original subscribers of the said sum of one million two hundred thousand pounds so subscribed, and not having parted with their interest in their subscriptions, or as heirs, successors, or assignees, or by any other lawful title derived from, by, or under the said original subscribers of the said sum of one million two hundred thousand pounds so subscribed, or any of them, now have, or at any time or times hereafter shall have or be entitled to any part, share, or interest of or in the principal or capital stock of the said corporation, or the said yearly fond of one hundred thousand pounds granted by the said Act of Parliament, or any part thereof, so long as they respectively shall have any such part, share, or interest therein, shall be and be called one body politic and corporate of themselves in deed and in name by the name of THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND, and then by that name one body politick and corporate, in deed and in name; We do for us, our heirs, and successors, make, create, erect, establish, and confirm for ever by these presents, and by the same name, they and their successors shall have perpetual succession and a common seal for the use, business, or affairs of the said body politick and corporate, and their successors, with power to break, alter, and to make anew their seal from time to time at their pleasure and as they shall see cause; and by the same name they and their successors in all time coming shall be able and capable in law to have, take, purchase, receive, hold, keep, possess, enjoy, and retain to them and their successors any manors, messuages, lands, rents, tenements, liberties, privileges, franchises, hereditaments, and possessions whatsoever, and of what kind, nature, or quality soever, and moreover to purchase and acquire all goods and chattels whatsoever wherein they are not restrained by the said Act, and also to sell, grant, demise, alien, and dispose of the same manors, messuages, franchises, hereditaments, possessions, goods, and chattels, or any of them; and by the same name they and their successors shall and may sue and implead and be sued and impleaded, answer and defend, and be answered and defended, in courts

of record, or any other place whatsoever, and before whatsoever judges, justices, officers, and ministers of us, our heirs and successors, and in all and singular pleas, actions, suits, causes, and demands whatsoever, of what kind, nature, or sort soever, and in as large, ample, and beneficial manner and form as any other body politick and corporate, or any other the liege people of England, or other our dominions being persons able and capable in law, may or can, have, take, purchase, receive, hold, possess, enjoy, sell, grant, demise, alien, dispose, sue, implead, defend or answer, or be sued, impleaded, defended or answered in any manner of wise, and shall and may do and execute all and singular other matters and things by the name aforesaid, that to them shall or may appertain to do by virtue of the said act or otherwise; subject nevertheless to the proviso and condition of redemption in the said Act mentioned, and to all and every other clauses, provisoes and conditions in the said act contained. And we do hereby declare that all persons having any interest or part in the capital stock or fond of the said corporation, either as original subscribers or by assignment, or as heirs or otherwise, shall be and be esteemed members of the said corporation, and shall be admitted into the same without any fee or charge whatsoever. And we do hereby, for us, our heirs and successors, declare, limit, direct and appoint that the aforesaid said sum of one million two hundred thousand pounds, so subscribed as aforesaid, shall be and be called, accepted, esteemed, reputed, and taken, THE COMMON CAPITAL AND PRINCIPAL STOCK OF THE CORPORATION hereby constituted. And all and every person and persons, his, her, or their heirs, successors, and assignees, according and in proportion to the sum or sums of money by him, her, or them respectively subscribed as aforesaid, shall have and be deemed to have an interest or share in the said principal stock, and of and in the yearly fond of one hundred thousand pounds granted by the said Act of Parliament. And we do hereby, for us, our heirs and successors, authorise, enjoin, and require the Commissioners of our Treasury, and Under-Treasurer, of us, our heirs and successors for the time, without any further or other warrant to be had or obtained from us, our heirs or successors, to direct their warrants and orders, according to the said Act, for the payment of the said yearly sum of one hundred thousand pounds, by and out of the five seventh parts of the whole seven equal parts of the monies arising by the rates and duties granted by the said Act, and thereby appointed to be kept apart for the payment of the said yearly fond of one hundred thousand pounds to the said Governor and Company of the Bank of England, and their successors for ever, under and subject, nevertheless, to the payment of the issues, amerciaments, and debts, upon judgments against the said corporation, according to the purpose of the said Act; the first year to be reckoned to begin from the first day of June, in the year of our Lord Christ one thousand six hundred and ninety-four. And we do hereby direct and enjoin the Commissioners of our Treasury, and the Treasurer of the Exchequer, and the auditor of the receipt of our Exchequer, and all other the officers of the Exchequer of us, our heirs and successors, now and for the time being, from time to time, to issue and pay the five seventh parts of the monies arising by the duties granted by the said Act, or so much thereof as shall be sufficient for the

purpose, to the said Governor and Company of the Bank of England, and their successors, by weekly payments or otherwise, as the same or any part thereof shall from time to time come into the receipt of the Exchequer, for and towards satisfaction of the said yearly sum of one hundred thousand pounds. And in case five seventh parts of the said weekly payments, in the said Act mentioned and intended to be the yearly fond for the recompense of the said subscribers, shall not amount unto so much as the yearly sum of one hundred thousand pounds, which is the annual fond thereby established for the said corporation to receive, then we do hereby, for us, our heirs and successors, grant and agree to and with the said Governor and Company, and their successors, that five seventh parts of the said weekly moneys or payments, so far as the same will extend, shall be part of the said yearly fond of one hundred thousand pounds; and in case the said duties by the said Act granted, or any of them, shall at any time or times appear to be so deficient, or lose in the produce of the same, as that within any one year, to be reckoned from the first day of June as aforesaid, five seventh parts of the weekly payments upon the same rates and duties, or any of them, shall not amount to so much as 100,000*l.* within or for the same year respectively, that then, and so often, and in every such case, we do hereby authorise, enjoin, and require the Commissioners of our Treasury and the Under-Treasurer now being, and the Treasurer and Under-Treasurer of the Exchequer, or Commissioners of the Treasury for the time being, of us, our heirs and successors, forthwith, and without any further or other warrant to be sued for, had, or obtained from us, our heirs and successors, in that behalf, to cause every such deficiency to be made good by applying, issuing, or paying so much of any treasure or revenue belonging or to belong to us, our heirs and successors, not being appropriated to any particular use or uses by any Act or Acts of Parliament, towards the discharging or paying of the said yearly fond of 100,000*l.*, as together with five seventh parts of the monies which shall have been brought into the receipt of the Exchequer of or for the said several rates or duties by the said Act granted, shall be sufficient to pay off and discharge, and shall completely pay off and discharge, the said yearly fond of 100,000*l.*, according to the true intent and meaning of the said Act and of these presents. And for the better ordering, managing, and governing the stock and other affairs of the said corporation, and for the making and establishing a continued succession of persons to be governor, deputy governor, and directors of the said corporation, we do by these presents, for us, our heirs and successors, grant unto the said Governor and Company of the Bank of England and their successors, and do hereby ordain and appoint that there shall be from time to time, for ever, of the members of the said company, a governor, deputy governor, and twenty-four directors of and in the said corporation, which governor, deputy governor, and directors, or any thirteen or more of them, of which the governor or deputy governor to be always one, shall be and be called a court of directors for the ordering, managing, and directing the affairs of the said corporation, and shall have such powers and privileges as are hereinafter mentioned; and we do hereby constitute and ordain and appoint that Sir John Houblon, Knight, who is chosen for this purpose by a majority of

the said subscribers having 500*l.* each in the said capital stock pursuant to certain clauses in our said commission contained, shall be the present and first governor, and that Michael Godfrey, Esq., who is chosen in like manner, shall be the present and first deputy governor, and that Sir John Huband, baronet; Sir James Houblon, Sir William Gore, Sir William Scawen, Sir Henry Furnesse, Sir Thomas Abney, Sir William Hedges, knights; Brook Bridges, James Bateman, George Baddington, Edward Clerk, James Denew, Thomas Goddard, Abraham Houblon, Gilbert Heathcote, Theodore Jansson, John Lordell, Samuel Lethieullier, William Paterson, Robert Raworth, John Smith, of Beaufort Buildings, Obadiah Sedgwick, Nathaniel Tench, and John Ward, esquires, who are severally chosen in like manner by a majority of like subscribers, shall be the present and first directors of the said corporation; and the said governor, deputy governor, and directors shall continue in their respective offices until the 21st day of March, which shall be in the year 1696, and until others shall be duly chosen in their respective offices, and sworn into the same, unless they or any of them should sooner die or be removed as hereinafter mentioned. And we do further, for us, our heirs and successors, give and grant unto the said Governor and Company of the Bank of England, and we do hereby ordain, will, and appoint, that it shall and may be lawful to and for all and every member of the said corporation or body politick, from time to time to assemble and meet together, at any convenient place or places, for the choice of their governor, deputy governor, and directors, and for the making of by-laws, ordinances, rules, orders, or directions for the government of the said corporation, or for any other affairs or business concerning the same, public notice thereof being first given in writing, to be affixed upon the Royal Exchange in London two days at least before the time appointed for such meeting; and that all the members of the said corporation, or so many of them as shall be so assembled, shall be and be called a general court of the said corporation, which court shall meet and assemble at such times and in such manner as hereinafter directed, and that all succeeding governors, deputy governors, and directors of the said corporation shall from and after the 25th of March in the year of our Lord 1696, be yearly and successively chosen for ever, out of the members of the said corporation on some day or days or times between the 25th day of March and the 25th day of April in each year, by the majority of votes of all and every of the members of the said corporation, having then each of them in their own right five hundred pounds or more share or interest in the said capital stock and fund of the said corporation and who shall be personally present at such elections, each of them to have and give one vote and no more; which succeeding governors, deputy governors and directors so chosen, shall severally and respectively continue in their respective offices to which they shall be severally elected for one year, and till others shall be duly chosen and sworn into their places respectively. Provided nevertheless, that in case of death, avoidance, or removal of the governor, deputy governor, or any of the directors of the said corporation for the time being, the survivors of them, or the majority of those remaining in their offices, shall and may at any time assemble together the members of the said corporation in order to elect

other persons, by members qualified to vote in manner aforesaid, in the room of those dead, removed, or avoided; and that every deputy governor, in the absence of the governor, shall have the same power as a governor. Provided nevertheless, and we do hereby will, ordain, constitute, and appoint, and command that no persons shall be, or be esteemed qualified or capable to be, an elector to vote, or shall give any vote, at any general court or otherwise, for an election of governor, deputy governor or directors, or any of them, or for or concerning the making of by-laws, or in any other matters relating to the affairs or government of the said corporation, who shall not at the time of such general court have in his, her, or their name and right, and for his, her or their own use and not in trust for any other, five hundred pounds or more share or interest in the said capital stock of the said corporation; and who also shall not at the time of holding any such general court take the oath hereinafter mentioned, if required thereto by any member or members of the said corporation then present having each five hundred pounds share or interest at least in the said capital stock, before the governor or deputy governor or any two or more of the directors of the said corporation: viz.

"I, A. B. do swear that the sum of five hundred pounds or more of the capital stock of the body politick called by the name of the Governor and Company of the Bank of England, doth at this time belong to me, in my own right, and not in trust for any other person or persons whatsoever."

And we do hereby constitute, ordain, and appoint, that no one member of the said corporation shall in any election of governor, deputy-governor, director, or other officer of the said corporation, or in any business or affair of the said corporation, have or give any more than one vote, whatever his share or interest in the said capital stock shall be. Provided nevertheless, that any person or persons commonly called or known to be Quakers, who at the time of holding such general court, as aforesaid, shall have five hundred pounds interest or share or more in the said capital stock, and shall then, if thereunto required by any member or members of the said corporation then present, having each five hundred pounds share or interest at least in the said capital stock, make and sign the following declaration: to wit,

"I, A. B. do sincerely and solemnly declare, in the presence of God, that the sum of five hundred pounds or more of the capital stock of the body politick called by the name of the Governor and Company of the Bank of England doth at this time belong to me in my own right, and not in trust for any other person or persons whatsoever," shall be capable of having a vote at any general court of the said corporation. And we do by these presents, for us, our heirs and successors, give full power and authority to the governor or deputy governor or any two or more of the directors of the said corporation for the time being to give and adminster the said oath and declaration to the said members; and do hereby order and direct them to adminster the same accordingly. Provided further, and we do hereby, for us, our heirs and successors, constitute, ordain, and appoint that no person shall at any time be capable of being chosen a governor of the said corporation, unless he shall at the time of such election be a natural born subject of England,

or naturalized: and shall also then have in his own name, in his own right, and for his own use, four thousand pounds or more in the capital stock of the said corporation; and that no person shall at any time be capable of being chosen deputy governor of the said corporation, unless he shall at the time of such election be a natural born subject of England, or naturalized, and shall then also have in his own name, in his own right, and for his own use, three thousand pounds or more in the capital stock of the said corporation; and that no person shall be capable of being chosen a director of the said corporation who shall not at the time of such choice be a natural born subject of England, or naturalized, and shall also then have in his own name, in his own right, and for his own use, two thousand pounds or more in the said capital stock; and that no governor, deputy governor, or director shall continue in his or their respective offices longer than the continuance of such their respective interests and stocks in their own names and rights and to their own use respectively, but upon parting with or reducing his or their respective share or interest in the said capital stock to any lesser sum or sums than as aforesaid, the said respective offices or places of such governor, deputy governor, or directors, so parting with, reducing, or diminishing their said shares, or interest as aforesaid shall cease, determine, and become vacant, and others to be chosen in their rooms, by a general court of the said corporation.

Provided also, and we do by these presents, for us, our heirs, and successors, will, ordain, and appoint, that the said Sir John Houblon, hereby nominated to be the first governor, or any person hereafter to be chosen to the said office or trust of governor of the said corporation, shall not be capable of executing or acting in the said office or trust of governor at any time, unless he respectively shall have taken the oaths appointed to be taken by an Act made in the first year of our reign, intituled, "An Act for the abrogating of the Oaths of Supremacy and Allegiance and appointing other Oaths," and shall not be capable of executing of or acting in the said office or trust of governor at any time or times hereafter, until he respectively shall have taken the corporal oath following: to wit,

"I, A. B. do swear that the sum of four thousand pounds of the capital stock of the body politick called by the name of the Governor and Company of the Bank of England, whereof I am appointed or elected to be governor, doth at this time belong to me in my own right, and not in trust for any other person or persons whatsoever."

And likewise another oath in the form or to the effect following: that is to say,

"I, A. B. being nominated or elected to be Governor of the Company of the Bank of England, do promise and swear that I will, to the utmost of my power, by all lawful ways and means endeavour to support and maintain the body politick or fellowship of the Governor and Company of the Bank of England, and the liberties and privileges thereof; and that in the execution of the said office of governor I will faithfully and honestly demeane myself according to the best of my skill and understanding: So help me God."

Which oath to the first and present governor above named shall and may be administered by the Keeper of our Great Seal of England, or by

the Chancellor of our Exchequer, or Chief Baron of the Court of Exchequer, or any of them for the time being; and to any future governor shall and may be administered by the Chancellor of England or Keeper of the Great Seal of England, or by the Chancellor of the Exchequer, or Chief Baron of the Court of Exchequer of us, our heirs or successors, for the time being, or governor or deputy governor of the said corporation for the last preceding year; or, in case a deputy governor shall be then sworn into his office, then by such deputy governor. And we do hereby for us, our heirs, and successors, direct, authorise, and appoint the Chancellor of England and Keeper of the Great Seal of England, Chancellor of the Exchequer, and Chief Baron of the Court of Exchequer, or any of them for the time being, or such preceding governor or preceding deputy governor, or such deputy governor so qualified as aforesaid, to administer the said oaths to every or any such person appointed or elected to be governor of the said corporation as aforesaid.

Provided also, and we do hereby for us, our heirs and successors, will ordain, and appoint that the said Michael Godfrey, hereby nominated, constituted, and appointed to be the first deputy governor, or any person to be hereafter chosen to the office or trust of deputy governor of the said corporation, shall not be capable of executing or acting in the said office or trust of deputy governor, until he shall have taken the like oaths, *mutatis mutandis*, as are before prescribed to be taken by the governor. Which oaths to the first deputy governor above mentioned shall and may be administered by the Keeper of our great Seal of England, or by the Chancellor or Chief Baron of the Court of Exchequer, or by the first governor of the said corporation, after himself shall be first sworn as aforesaid; and to any future deputy governor shall and may be administered by the Chancellor of England or Keeper of the Great Seal of England, or by the Chancellor of the Exchequer or Chief Baron of the Exchequer, of us, our heirs or successors, for the time being, or by the governor or deputy governor of the preceding year. And they are hereby respectively authorised and directed to administer the said oaths to any deputy governor accordingly.

Provided also, and we do by these presents, for us, our heirs, and successors, will, ordain and appoint that none of the said Sir John Huband, baronet; Sir James Houblon, Sir William Gore, Sir William Scawen, Sir Henry Furnesse, Sir Thomas Abney, Sir William Hedges, knights; Brook Bridges, James Bateman, George Baddington, Edward Clerk, James Denew, Thomas Goddard, Abraham Houblon, Gilbert Heathcote, Theodore Jansson, John Lordell, Samuel Lethieullier, William Paterson, Robert Raworth, John Smith, of Beaufort Buildings, Obadiah Sedgwick, Nathaniel Tench, and John Ward, esquires, hereby nominated, constituted, and appointed to be the first twenty-four directors of the said corporation, or any other person or persons hereafter to be chosen to the office or trust of a director of the said corporation, shall be capable to execute or act in the said office of a director until he or they shall have respectively taken the oaths mentioned and appointed in and by the Act made in the first year of our reign, intituled "An Act for the Abrogation of the Oaths of Supremacy and Allegiance, and appointing other Oaths;" nor shall be capable to execute or act in the said office or trust of a director at any time or times hereafter until

he or they respectively shall have taken the corporal oath following: to wit—

"I, A. B. do swear that the sum of two thousand pounds of the capital stock of the body politick, called by the name of the Governor and Company of the Bank of England, whereof I am appointed or elected to be a director, doth at this time belong to me in my own right, and not in trust for any other person or persons whatsoever."

And likewise another oath in the form or to the effect following:

"I, A. B. do swear that in the office of a director of the corporation of the Governor and Company of the Bank of England I will be indifferent and equal to all manner of persons, and I will give my best advice and assistance for the support and good government of the said corporation, and in the execution of the said office of director I will faithfully and honestly demean myself, according to the best of my skill and understanding: So help me God."

Which oath to the first twenty-four directors herein nominated, and every of them respectively, shall and may be administered by the said Keeper of our Great Seal of England, or by the Chancellor of the Exchequer, or by the first governor or deputy-governor hereinbefore named, so as such first governor or deputy-governor, in case they or either of them do administer the said oath to the said directors, or any of them, be first sworn, as is before mentioned. And the said oath to any future director or directors shall and may be administered by the Chancellor of England, or Keeper of the Great Seal of England, or by the Chancellor of the Exchequer, or Chief Baron of the Court of Exchequer of us, our heirs, or successors for the time being or any of them, or by a sworn governor or deputy-governor for the preceding year; and they are hereby authorised and required to administer the said oaths to all and every such director and directors from time to time accordingly.

Provided also, and we do by these presents for us, our heirs, and successors, will, ordain, and appoint that all and every the other members of the said corporation, having each five hundred pounds or more interest or share in the capital stock of the said corporation, before he or they severally shall be capable to give any vote at any general courts to be held for the said corporation, shall take the said oath appointed in and by the said Act of Parliament made in the first year of our reign, intituled "An Act for the abrogating of the Oath of Supremacy and Allegiance, and appointing other Oaths," before the said governor or deputy-governor of the said corporation for the time being, who are hereby respectively authorised to administer the same, and also the oath in the words or to the effect following: that is to say,

"I, A. B. do swear that I will be faithful to the Governor and Company of the Bank of England, whereof I am a member, and in all general courts, when and as often as I shall be present, will, according to the best of my skill and understanding, give my advice, counsel, and assistance for the support and good government of the said corporation: So help me God."

Provided nevertheless, that any person or persons commonly called or known to be Quakers, having each five hundred pounds or more interest or share in the capital stock of the said corporation, before they shall be

capable of voting in any such general court as aforesaid, shall and may, instead of the oaths hereby prescribed to be taken by the respective members having each five hundred pounds or more as aforesaid, before the said governor or deputy governor, "solemnly pronounce and declare in the presence of God," in words or to the same effect, *mutatis mutandis*, with the said oath last herein prescribed to be taken by the members of the said corporation having five hundred pounds or more interest or share in the capital stock of the said corporation, and shall severally subscribe the same, together with the declaration appointed for such dissenters as scruple to take oaths, by another Act made in the first year of our reign, intituled "An Act for exempting their Majesties' Protestant subjects, dissenting from the Church of England, from the penalties of certain Laws," which declarations and subscriptions the said governor and deputy governor for the time being, or either of them, are hereby empowered to take and administer. And furthermore our will and pleasure is, and we do hereby, for us, our heirs and successors, ordain and appoint that the said Court of Directors shall have power and authority to administer an oath to all the inferior agents or servants that shall be employed in the service of the said corporation, for the faithful and due execution of their several places and trusts in them reposed, in the words or to the effect following: that is to say,

"I, A. B. being elected into the office or place of treasurer to the Governor and Company of the Bank of England, do swear that I will be true and faithful to the said Governor and Company, and will faithfully and truly execute and discharge the said office or place of treasurer to the utmost of my skill and power: So help me God."

And the like oath to the other agents and servants, *mutatis mutandis*. And in case any person hereby nominated or hereafter to be elected governor, deputy governor, or director as aforesaid, shall for the space of ten days after such nomination or election neglect or refuse to take the respective oaths hereby appointed to be taken as aforesaid, or shall refuse or neglect to take upon him his or their offices, that then and in every such case the office and place of every such person so neglecting or refusing shall become vacant, and others be chosen in their places by a general court of the said corporation.

And we do hereby further will and appoint, that no dividend shall at any time be made by the said governor and company save only out of the interest, profit, or produce arising by or out of the said capital stock or fond, or by such dealing, buying, or selling as is allowed by the said Act of Parliament, until redemption by Parliament of the said yearly fond of 100,000*l.*, and that no dividend whatever shall at any time be made without the consent of the members of the said corporation, in a general court, qualified to vote as aforesaid.

And we do hereby will and appoint, that the said governor, or, in his absence, the deputy governor for the time being, shall from time to time, and are hereby required, upon such notice to be given as aforesaid, to summon and appoint four general courts at least in every year, whereof one to be in the month of September, another in the month of December, another in the month of April, and another in the month of July; and we do further will and appoint, that if at any time or times there shall be

a failure of holding a general court in any of the said months by the default of the governor or deputy governor, or either of them, that then, and so often, and in every such case, any three or more of the directors of the said corporation shall and may summon and call a general court, which shall meet and be holden in the month next coming after the month in which the same should have been holden upon the summons of the governor or deputy governor as aforesaid.

And moreover we do by these presents will, direct, and appoint, that the said governor, or, in his absence, the deputy governor for the time being, shall from time to time, upon demand to be made by any nine or more of the said members having each of them 500*l.* or more interest or share in the said capital stock, within ten days after such demand, summon and call such general courts to be held of the said members of the corporation qualified for electors as aforesaid, and in default of the governor or deputy governor to summon and call such courts, it shall and may be lawful to and for the said nine or more members having each 500*l.* stock as aforesaid, upon ten days' notice in writing to be fixed upon the Royal Exchange in London, to summon and hold a general court, and there to do and dispatch any business relating to the government or the affairs of the said corporation, and to hear and debate any complaint that shall be made against any governor, deputy governor, or directors for the mismanagement of his or their respective affairs; and if such governor, deputy governor, or directors shall not clear him or themselves of such complaint to the satisfaction of the major part of the members of the said corporation in the said general court assembled, that then, within ten days, another general court shall be called and held as aforesaid of the members of the said corporation qualified to vote as aforesaid, finally to determine the same by the majority of their votes as aforesaid, who may remove or displace any of the said governor, deputy governor, and directors for such misdemeanor or abuse of their offices, and elect and choose others in his or their rooms, in the same manner as the said elections between the five and twentieth day of March and the five and twentieth day of April are hereinbefore directed to be made.

And in every case where any governor, deputy governor, or directors shall happen to die or be removed, or his office shall otherwise become void before the expiration of the time for which he shall have been elected, the major part of the members of the said corporation to be assembled in a general court, and being qualified as aforesaid, shall and may elect and choose any other member or members of the said corporation, qualified as aforesaid, into the office of such governor, deputy governor, or directors that shall so die or be removed, or whose office shall so become void; which person so to be chosen shall continue in the said office until the next usual time hereby appointed for elections, and until others shall be duly chosen and sworn.

And for the better ordering and managing the affairs of the said corporation, we do by these presents for us, our heirs and successors, grant unto the said Governor and Company of the Bank of England and their successors, and we do by these presents will, authorise, and appoint that the said governor, deputy governor, and directors for the time being, or any thirteen or more of them, of which the governor or deputy

governor to be always one, shall and may from time to time and at all convenient times assemble and meet together, at any convenient place or places for the direction and management of the affairs and business of the said corporation, and then and there to hold courts of direction for the purposes aforesaid, and summon general courts to meet as often as they shall see cause; and that the said governor, deputy governor, and directors, or the major part of them so assembled, whereof the governor or deputy governor is to be always one, shall and may act according to such by-laws, constitutions, orders, rules, or regulations, as shall from time to time be made and given unto them by the general court of the said corporation, and in all cases where such by-laws, constitutions, orders, rules, or directions by or from the general courts shall be wanting, the said governor, deputy-governor, and directors, or the major part of them so assembled, whereof the govenor or deputy-governor is to be always one, shall and may direct and manage all the affairs and business of the said corporation in the borrowing or raising of monies and giving security for the same under the common seal of the said corporation, and in their dealings in bills of exchange, or the levying or selling of bullion, gold, or silver, or in selling any goods, wares, or merchandize whatsoever which shall really and *bonâ fide* be left or deposited with the said corporation for money lent or advanced thereon, and which shall not be redeemed at the time agreed, or within three months after, or in selling such goods as shall or may be the produce of lands purchased by the said corporation, or in the lending or advancing any of the monies of the said corporation, and taking pawns or other securities for the same, and appoint the agents and servants which shall from time to time be necessary to be employed in the affairs or business of the said corporation, and to allow and pay reasonable salaries and allowances to the said agents and servants respectively, and them or any of them from time to time to remove or displace as they shall see cause, and generally to act and do in all manner of things whatsoever which by the said recited Acts of Parliament shall or may be done, and in all matters and things whatsoever which they shall judge necessary for the well ordering and managing the said corporation and the affairs thereof, and to do, enjoy, perform, and execute all the powers, authorities, privileges, acts and things in relation to the said corporation as fully to all intents and purposes as if the same were done by the Governor and Company of the Bank of England, or by a general court of the same; subject nevertheless to such restrictions, limits, times, rules, or appointments as are contained in the said recited Acts of Parliament, or concerning the trade, business, or affairs of the said corporation, or otherwise relating thereto. And we do hereby, for us, our heirs and successors, give full power to all and every the said members qualified for electors as aforesaid, in the general courts or assemblies aforesaid, by majority of their votes as aforesaid, to make and constitute such by-laws and ordinances, for and relating to the affairs and government of the said corporation, and the imposing mulcts and amerciaments upon offenders against the same, as to them shall seem meet, so that such by-laws be not repugnant to the laws of this our kingdom, and be confirmed and approved according to the statutes in that case made and provided,

all which mulcts and amerciaments shall and may be received and recovered to the only use and behoof of the said Governor and Company of the Bank of England and their successors, without any account or other matter or thing to be therefore rendered to us, our heirs or successors, and also to allow such salaries or allowances to the said governor, deputy governor, and directors as to them shall seem meet. And we do hereby, for us, our heirs, and successors, ordain and appoint that the first general court for the said corporation shall be held within the space of twenty-eight days next after the date of these presents: provided always, and for the ascertaining and limiting how and in what manner, and under what rates, the said capital stock and yearly fond of one hundred thousand pounds shall and may be assignable and assigned, transferable and transferred, by such person and persons as shall from time to time have any interest or share in the same, we do hereby direct and appoint that there shall constantly be kept in the public office of the Governor and Company of the Bank of England a register or book or books wherein all assignments and transfers shall be entered. And we do hereby, for us, our heirs and successors, pursuant and according to the power given unto us by the said Act of Parliament, order, limit, direct, and appoint that the method and manner of making all assignments and transfers of the said capital stock and yearly fond, or any part thereof, shall be by an entry in the said book or books, signed by the party so assigning or transferring, in the words or to the effect following: viz.

"Memorandum, That I, A. B., this in the year of our Lord do assign and transfer of my interest or share in the capital stock and fond of the Governor and Company of the Bank of England, and all benefits arising thereby, unto his heirs and assigns. Witness my hand."

Or, in case the person assigning be not personally present, then by an entry in the said book or books, signed by some person thereunto lawfully authorised by letter of attorney, or writing under hand and seal, attested by two or more witnesses, in the words or to the effect following: viz.

"Memorandum, That I, A. B., this day of in the year of our Lord by virtue of a letter of attorney or authority under the hand and seal of dated the day of in the same year, do in the name and on behalf of the said assign and transfer of the interest or share of the said in the capital stock and fond of the Governor and Company of the Bank of England, and all benefits arising thereby, unto his heirs and assigns. Witness my hand."

Under which transfer the person or persons, bodies politick or corporate, to whom such assignment or transfer shall be made, or some other person by him or them lawfully authorised thereunto, shall sign his or their name or names, attesting that he or they do freely and voluntarily accept of the same, and that the entry, signed as aforesaid, and no other way or method, shall be the manner and method used in the passing, assigning,

or transferring the interest or share in the said capital stock or fond, and such transfer and assignment shall be good and available, and convey the whole estate and interest of the party transferring or ordering the same to be transferred: Provided always, that any person having any share or interest in the said capital stock or fond may dispose or demise the same, by his last will and testament, attested by three or more credible witnesses; but, however, that such devisee shall not transfer the same or be intituled to receive any dividend until an entry or memorandum of so much of the said will as relates to the said stock or fond be made in the book or books, or some other book or books, to be kept by the said governor and company for that purpose. And we do hereby will and appoint that the said governor, or in his absence the deputy governor, shall not have any vote in a general court or courts of directors, save when there shall happen to be an equality or equal number of votes: Provided nevertheless, that all matters and things which the said governor, deputy governor, or directors, shall in manner as aforesaid order and direct to be done by sub-committees, or other persons appointed under them, shall and may by virtue of such orders be done by the said sub-committees or other persons so appointed. And we do, for us, our heirs and successors, grant and declare that these our letters patent, or the inrollment thereof, shall be, in and by all things valid and effectual in the law, according to the true intent and meaning of the same, and shall be taken, construed, and adjudged in the most favourable and beneficial sense, for the best advantage of the said corporation, as well as in our courts of record as elsewhere, notwithstanding any non-recital, misrecital, defect, uncertainty, or imperfection in these our letters patents. And our will and pleasure is, that these presents to the governor and company aforesaid be under the Great Seal of England, and be in due manner made and sealed without fine or fee, great or small, to us in our Hanaper or elsewhere to our use therefrom any ways to be rendered, paid, or made. And we do hereby, for us, our heirs and successors, covenant, grant, and agree, to and with the said governor and company and their successors, that we, our heirs and successors, shall and will from time to time, and at all times thereafter, upon the humble suit and request of the said governor and company and their successors, give and grant unto them all such further and other powers, privileges, authorities, matters, and things which we or they can or may lawfully grant, and as shall be reasonably advised and desired by the council learned of the said governor and company for the time being, and shall be approved by our attorney or solicitor general on our behalf.

In witness whereof, we have caused these our letters to be made patents. Witness ourselves at Westminster, the seven-and-twentieth day of July, in the sixth of our reign.

By writ of the Privy Seal,

PIGOTT.

II.

ORIGINAL RULES, ORDERS, and BY-LAWS for the good government of the CORPORATION of the GOVERNOR and COMPANY of the BANK OF ENGLAND.

FIRST BY-LAW.—*Elections; the Time, Manner, and Scrutiny.*

Whereas it has been found by experience that many uncertainties and inconveniences have happened for want of a due and regular method of proceedings at general courts of election; for remedy thereof in time to come,

It is hereby ordained and appointed that at every general court for any election every member qualified to vote and being present shall deliver in writing or print a note or list containing the name or names of such person or persons (members of this corporation respectively qualified according to the tenor of the Charter), as he thinks fit to serve and execute the office and employment for which such election is to be had or made; and at every general election each elector shall deliver in writing or print only the name of one person qualified for the place of governor, and only the name of one person qualified for the place of deputy governor, and no more; and for directors, a list of the names of four-and-twenty persons qualified for directors, and no more nor less; and in case any person shall deliver in writing or print any more than one name for the place of governor, and one name for the place of deputy governor, or a list of any more or less than four-and-twenty names of persons qualified for directors, the same shall be reputed and deemed as no vote, and the said list and all the names therein totally rejected.

And in case at any general court of election of directors any person shall in such list insert the names of any more than sixteen of those persons who were chosen into and did serve the office of directors the then last preceding year, the same list shall in like manner be rejected.

And that if in any list of directors there shall be inserted the name either of the governor or deputy governor elected for the ensuing year, such list shall be rejected.

And that in case it shall happen that upon making the scrutiny for any election of governor, deputy-governor, or directors, any two or more persons qualified for the respective office or employment for which he or they shall be named shall have an equal number of votes, which shall or may entitle one or more of them to such office or employment, the election in such case shall be determined and settled by the general court in which such scrutiny shall be determined.

And that if on taking the scrutiny for any election of governor, deputy-governor, or directors, it shall fall out that two or more persons qualified for the office for which such election shall be made have the same Christian and surname, and are not distinguished by their additions, or that a wrong Christian name in any note or list is placed to a surname, when but one person of that surname is qualified for the respective office, or that any literal mistake be made in the Christian or surnames; in all and every the cases before mentioned, such undistinguished, wrong, or mistaken name or names shall be kept and not thrown aside or rejected,

but the rest of the list shall be allowed, and the persons appointed to take the scrutiny at such election, or so many as shall be present, may determine the person or persons intended by such undistinguished, wrong, or mistaken name or names; provided they, or the major part of them, shall agree in ascertaining the person or persons so meant or intended; but in default thereof the same shall be determined and settled by the general court in which such scrutiny shall be determined.

And that no note or list shall be received for any election after the glass is finally sealed up, according to the time prefixed for the doing thereof, but such note or list shall be rejected.

And that if any member of this corporation shall hereafter use or procure to be used any indirect means to obtain any vote or votes for the election of himself or any other to be governor, deputy-governor, or directors of this corporation, and be thereof declared guilty at a general court to be called for that purpose, such person shall from henceforth for ever be incapable of being elected to or holding any such office or place.

And that in all elections of committees hereafter to be had or made by a general court, the same orders, rules, and methods, so near as the case will admit, shall be used, observed, and kept, and under such penalties and disabilities as are hereinafter prescribed for or concerning the election of governor, deputy-governor, and directors.

And in case at any annual general meeting of election all the four-and-twenty directors for the preceding year, or more than two thirds of them, shall happen to have the majority of votes for being directors for the ensuing year, that then the remaining one third or other less number of the said twenty-four over and above two thirds of them, as shall happen to have the fewest votes, shall be removed, and such eight or other less number of the other members of this corporation, qualified as aforesaid, who have the most votes next to those so removed, shall be, and be deemed and reported to be, elected to succeed and serve as directors for the succeeding year, in the stead and place of those so removed, and shall be admitted and sworn accordingly.

And that the first, second, third, fourth, seventh, and eighth paragraphs or clauses of this by-law shall be inserted at the end of every printed list that shall be given out at or before the annual elections of governor, deputy-governor, and directors, to the end that the members of this corporation qualified to vote may be well informed and directed in the giving their votes.

SECOND BY-LAW.—*Voting by the Ballot or by Lists, and choosing Officers.*

Item, it is resolved and ordained that in all general courts upon any election or other question to be made or determined concerning any one person, matter, or thing only, the ballot shall be allowed and used, in case the same be demanded by any nine or more members then qualified to elect and vote, and not otherwise.

And that in all general courts upon any election or question to be made or determined concerning more than one person, matter, or thing, such election or question shall not be determined by the ballot, but by

notes or lists in writing of the members qualified to vote, put into a glass, in the same manner as the court of directors have been hitherto chosen, in case the same determination by notes or lists shall be demanded by any nine or more persons qualified to vote.

And further, that from and after the five-and-twentieth day of March, 1698, and so yearly, and every year for ever, all and every the officers, ministers, agents, or servants employed or to be employed by this corporation, or by the governor, deputy governor, and directors, or any of them, in the service of this corporation, shall be elected by the court of directors every year by the ballot within thirty days after the general court for the annual election of governor, deputy governor, and directors.

THIRD BY-LAW.—*Custody of the Common Seal, and how to be used.*

Item, it is ordained, that the seal of this corporation shall be carefully kept under three locks, the three keys whereof shall be severally kept by such three of the governor, deputy governor, and directors, for the time being, as the court of directors from time to time shall empower to keep the same; and that the said seal shall not be affixed or set to any paper or parchment, writing or instrument, whatsoever, but by an order of the court of directors for that purpose first had and obtained. And also in the presence of three or more of the governor, deputy governor, and directors, for the time being.

FOURTH BY-LAW.—*Keeping the Cash.*

Item, it is ordained, that the cash of this corporation, excepting such sum and sums of money as shall by the committee in waiting, subject to such regulations as the board of directors shall appoint, be thought necessary to be kept in the hands of one or more of the cashiers for running cash, shall be carefully kept under three or more locks, the keys whereof shall be kept by such three or more of the governor, deputy governor, and directors, as the said court of directors from time to time shall empower to keep the same, each of the said persons keeping one of the said keys.

FIFTH BY-LAW.—*The Meeting and Business of Courts of Directors and their sub-Committees.*

Item, for the more easy and safe dispatch of the business of this corporation, to the honour and benefit thereof, it is resolved and ordained that a court of directors shall be held once in every week at the least, and that such court may and shall from time to time, as occasion shall require, appoint sub-committees, and give all needful directions to such sub-committees concerning what securities shall be taken for money to be lent, and of what nature or kind, and also in what proportions, and touching and concerning all and every other thing and things requisite in that behalf. And it is hereby ordained that no money shall be lent upon any other sort of security, or in any other proportions, or to any other value, or otherwise disposed of, than what, or as, shall be from time to time first directed by the said court of directors.

And that every sub-committee shall weekly lay before the said court of directors, so to be held as aforesaid, an account of what monies are or

shall be then owing by this corporation under the common seal, and what securities shall have been taken or other business transacted or negotiated by them touching this corporation during the then last preceding week.

SIXTH BY-LAW.—*Dealings of Governor, Deputy Governor, and Directors with the Corporation not to be concealed.*

Item, for preventing of fraud and deceit in all or any of the transactions of this corporation, it is resolved and ordained, that in all cases whatever where the governor, deputy governor, and directors of the corporation, or any of them, shall have any dealing or business with this corporation upon their own account, separately or in conjunction with any others, for or in respect of any tallies, bills of exchange, pawns, pledges, or other contract or bargain whatsoever, by or from, to or with, this corporation, that then and in every such case such governor, deputy governor, and directors, so having any such business with this corporation, in manner as aforesaid, shall at the time of his or their negotiating or transacting the same, declare and publish to the sub-committee for the time being, fully, fairly, and clearly, such his share and interest, whether sole or joint, with others, in all and every such affair or business by him or them so negotiated or transacted as aforesaid, and all the particular circumstances thereof; and if any such governor, deputy governor, or directors, shall at any time wittingly and willingly offend, contrary to this rule, ordinance, or by-law, such person so offending, being first accused thereof in any general court, and summoned to answer the same, and afterwards declared guilty thereof by another general court, shall immediately become, and be deemed and reported to be, incapable for ever either of holding or enjoying or being chosen again into the said offices of governor, deputy governor, director, or any of them.

SEVENTH BY-LAW.—*The concerned in Debates to withdraw.*

Item, it is resolved and ordained that in all cases where any question or debate shall at any time arise or be made, touching or concerning any person or persons, member of this corporation, or concerning any matter or thing relating to any such person or persons, touching or concerning whom such question or debate is or shall be had or made, shall have or give no vote relating thereto, but shall withdraw and be absent during such debate concerning himself, or any matter or thing wherein he is concerned.

EIGHTH BY-LAW.—*Borrowing on Seal.*

Item, it is hereby ordained that the governor, deputy governor, and directors, or any of them, shall not at any time hereafter, without the consent and direction of a general court first had, wittingly or willingly borrow, owe, or give security under the common seal, for any sum or sums of money exceeding in the whole at any one time twelve hundred thousand pounds, or procure the borrowing, owing, or giving security for any such further sum or sums of money, by bill, bond, or other covenant or agreement, under the common seal of this corporation, as aforesaid;

and in case the common seal shall be set or affixed to any bill, bond, or other agreement, for money, contrary to this ordinance or by law, that then each and every the governor, deputy governor, and directors, or other members of this corporation, who shall order, procure, covenant, agree to, or wittingly approve of the same, and be thereof lawfully convicted, shall for every such offence severally forfeit to the said Governor and Company of the Bank of England the sum of one thousand pounds of lawful English money, and also all such further and other sum or sums of money as the said Governor and Company of the Bank of England shall be damnified for or by reason thereof.

NINTH BY-LAW.—*Selling Pawns.*

Item, it is resolved and ordained, that all jewels, plate, bullion, or other goods, chattels, or merchandize whatsoever, which shall be pawned unto this corporation, or left and deposited therewith as pawns, or pledges for money to be lent or advanced thereon, and not redeemed at the time agreed on, or within three months afterwards, shall, whensoever they are sold, be sold at a publick sale, by inch of candle, in manner as in such cases is usual, upon three days' notice thereof first given by writing, on the Royal Exchange, or upon such other publick notice as the court of directors shall think fit. And that no sale of any such goods, chattels, or merchandize, not redeemed as aforesaid, shall be had or made in any other manner.

TENTH BY-LAW.—*For Transfers and Registering Contracts, what to be paid.*

Item, it is ordained, that upon all transfers to be made of any share or interest in the capital stock or fund of this corporation, the sum of five shillings and no more shall be paid by the party transferring, to and for the use of this corporation, for and towards the bearing and defraying the charge of books, accomptants, law duty, and other like expenses; and that upon every promise, contract, bargain, covenant, or agreement to be made for the buying or selling of any share or interest in the capital, stock, or fund, or otherwise, which shall be brought to be registered in the book or books of the bank, the sum of two shillings and no more shall be paid for such registering by the party desiring to register the same, to and for the use of this corporation.

ELEVENTH BY-LAW.—*Against the Servants taking any Rewards.*

Item, it is ordained that no officer, servant, or other person whatsoever employed, or who shall be hereafter employed, by this corporation, for or about any business of the same, shall presume directly or indirectly to receive or take any fee, gratuity, or reward of any sort, kind, or quality whatsoever, for the doing or dispatching, or the not doing or delaying, any business or affair belonging to this corporation, or for any other reason or colour, or upon any account relating to his or their respective employments, or otherwise, concerning this corporation howsoever, from any person or persons whatsoever, other than only from this corporation, or by order thereof, or of the court of directors; and that

if any person or persons employed or to be employed as aforesaid shall offend, contrary to this ordinance or by law, such person shall be for ever incapable of holding or being chosen again into such his, their, or any other employment in or under this corporation.

TWELFTH BY-LAW.—*General Courts for Dividends Half-yearly.*

Item, it is ordained that twice in every year a general court shall be called and held for considering the general state and condition of this corporation, and for the making of dividends out of all and singular the produce and profit of the capital stock and fund of this corporation, and the trade thereof, amongst the several owners and proprietors therein, according to their several shares and proportions, the one of which said courts shall be held on some day between the tenth and twenty-fifth day of September, and the other on some day between the tenth and twenty-fifth day of March yearly.

THIRTEENTH BY-LAW.—*Yearly Recompenses to the Governor, Deputy Governor, and Directors.*

Item, It is ordained that the same recompenses to the governor, deputy governor, and twenty-four directors which, pursuant to an order of the general court, held the 26th of April, 1695, were presented them for the year 1696, be yearly continued to them respectively, until further order of the general court shall be made therein.

FOURTEENTH BY-LAW.—*Taking and Reading the Minutes of the Courts.*

Item, It is ordained that the minutes of all debates, orders, resolutions, and transactions had, made, and agreed on at every general court and court of directors shall hereafter be taken and written down by the secretary, or the person chosen and sworn to be his assistant, in a book to be kept for that purpose, and that before any such courts be adjourned or dismissed the minutes of that court shall be read over audibly by the secretary, or by such his assistant as aforesaid.

III.

Progress of the NATIONAL DEBT from its first foundation to the end of the War in 1816.

	Years.	Principal.	Interest and Annuities.
		£	£
Debt at the Revolution, or Banker's debt	1689	664,263	39,855
Debt contracted during King William's War	..	20,851,479	1,681,404
Debt at Peace of Ryswick	..	21,515,742	1,721,259
Debt paid during peace	..	5,121,040	410,317
Debt at the commencement of Queen Anne's War	1702	16,394,702	1,310,942
Debt contracted during war	..	35,750,661	2,040,416
Debt at the Peace of Utrecht	1713	52,145,363	3,351,358
Debt paid during peace	..	4,190,734	1,338,584
Debt at commencement of war	1739	47,954,629	2,012,774
Debt contracted during war	..	31,339,084	1,078,229
Debt at Peace of Aix-la-Chapelle	1748	79,293,713	3,091,003
Debt paid during peace	..	4,961,560	480,428
Debt at commencement of Seven Years' War	1756	74,332,153	2,610,575
Debt contracted during war	..	64,533,277	2,241,476
Debt at Peace of Paris	1763	138,865,430	4,852,051
Debt paid during peace	..	10,281,795	380,480
Debt at commencement of the American War	1775	128,583,635	4,471,571
Debt contracted during the war	..	121,267,993	4,980,201
Debt at Peace of Versailles	1783	249,851,628	9,451,772
Debt paid during the peace	..	5,732,993	149,444
Debt at the commencement of the French Revolutionary War	1793	244,118,635	9,302,328
Debt contracted during war	..	276,088,466	9,341,397
Debt at Peace of Amiens	1802	520,207,101	18,643,725
Debt contracted during renewal of war before Buonaparte's first expulsion	1803	222,407,966	8,003,951
Debt at Buonaparte's first expulsion	1814	742,615,067	26,647,676
Debt contracted during second renewal of war	..	30,580,864	1,480,431
Debt at Buonaparte's second expulsion	1815	773,195,931	28,128,107
Debt paid during year of peace	1816	14,549,277	476,095
		758,646,654	27,652,012

IV.

The following TABLE exhibits the PROGRESSIVE ADVANCE of the STATE REVENUE from the time of WILLIAM THE CONQUEROR.

	Years.	Sterling Money.
		£
William I.	1066	400,000
William Rufus	1087	350,000
Henry I.	1100	300,000
Stephen	1135	250,000
Henry II.	1154	200,000
Richard I.	1189	150,000
John	1199	100,000
Henry III.	1214	80,000
Edward I.	1272	150,000
Edward II.	1307	100,000
Edward III.	1347	154,139
Richard II.	1377	180,000
Henry IV.	1399	100,000
Henry V.	1413	76,643
Henry VI.	1422	64,976
Edward IV.	1460	
Edward V.	1483	100,000
Richard III.	1483	
Henry VII.	1485	400,000
Henry VIII.	1509	800,000
Edward VI.	1547	400,000
Mary	1553	450,000
Elizabeth	1558	500,000
James I.	1602	600,000
Charles I.	1625	895,819
The Commonwealth	1648	1,517,247
Charles II.		1,800,000
James II.	1684	2,001,855
William III.	1688	3,895,205
Anne	1706	5,691,805
George I.	1714	6,762,643
George II.	1727	8,522,540
George III.	1760	8,800,000
George IV.	1819	
William IV.	1830	54,840,190
Victoria.		

V.

The following TABLE shows the Annual Sums raised by TAXES and LOANS from 1793 to 1815, both inclusive.

MONEY RAISED.

Years.	By Taxes.	By Loans.	Total.
	£	£	£
1793	17,170,400	4,500,000	21,670,400
1794	17,308,411	11,000,000	28,308,411
1795	17,858,454	18,000,000	35,858,454
1796	18,737,760	25,500,000	44,237,760
1797	20,654,650	32,500,000	53,154,650
1798	30,202,915	17,000,000	47,202,915
1799	35,229,968	18,500,000	53,729,968
1800	33,896,464	20,500,000	54,396,464
1801	35,415,096	28,000,000	63,415,096
1802	37,240,213	25,000,000	62,240,213
1803	37,677,063	15,202,931	52,879,994
1804	45,359,442	20,104,221	65,463,663
1805	49,659,281	27,931,482	77,590,763
1806	53,304,254	20,486,155	73,790,409
1807	58,390,225	23,889,257	82,279,482
1808	61,538,207	20,476,765	82,014,972
1809	63,405,294	23,304,691	86,709,985
1810	66,681,366	22,428,788	89,110,154
1811	64,763,870	27,416,829	92,180,699
1812	63,169,854	40,251,684	103,421,538
1813	66,925,835	54,026,822	120,952,657
1814	69,684,192	47,159,697	116,843,889
1815	70,403,448	46,087,603	116,491,051
	1,034,676,662	589,266,925	1,623,943,587

VI.

Estimated AMOUNT of PROFIT derived by the BANK from the CIRCULATION of PROMISSORY NOTES and for GOVERNMENT BUSINESS.

	£
Circulation . . .	20,000,000
Government Deposits	4,000,000
	24,000,000, of which 2-3rds are estimated to be invested in Securities and 1-3rd in Bullion.

Securities 16,000,000 : viz.—	£
9,000,000 in Exchequer Bills, at 2¼ per cent. . .	202,500
800,000 Stock, at 3 per cent.	24,000
Carried forward	226,500

APPENDIX VI.—*continued.*

Brought forward . . .		226,500	
1,000,000 Advances for Circulation on Discounts, 3 per cent.		30,000	
500,000 Country Discount, 3½ per cent. . . .		17,500	
4,700,000, 4⅛ per cent..		193,875	
		467,875	
DEDUCT	£		
Expense of Circulation	106,000		
Expense of Government Deposits . .	10,000		
Stamp Duty on Circulation	70,000		
One per cent. on Capital, held by Government, at 3 per cent.	147,000		
		333,000	£
			134,875
PUBLIC DEBT.			
Amount received from Government for management of the Public Debt, for the year ending 5th April, 1832, including Life Annuities . . .		251,000	
Management of Life Annuities proposed to be transferred		3,000	
		248,000	
DEDUCT	£		
Expenses for management of National Debt	164,000		
Average of Forgeries for 10 years past	40,000		
		204,000	
			44,000
			£178,875

VII.

An ACCOUNT of the EXPENSE for conducting the business of the FUNDED DEBT, for the year 1831, made up as nearly as the same could be ascertained.

No. of Clerks, &c.	Items of Expense.	Amount.
		£
13	Long Annuity Office	3,000
29	3 Per Cent. Reduced	6,685
58	Consol Office	13,324
7	Interior	2,245
7	Life Annuity Office, &c. . . .	1,608
69	New 3*l.* 10*s.* Per Cents. &c. . . .	14,542
12	Register Office	2,801
13	Power of Attorney Office . . .	3,467
23	Cheque Office	3,190
3	Chief Cashier's Office	1,040
12	Dividend Warrant Office	2,410
12	Dividend Pay Office	2,973
2	Public Drawing	588
1	General Cash Book	350
3	Exchequer Office	1,200
3	Chief Accountants	2,373
3	Chief Cashiers	2,000
2	Journal	489
1	Store-keeper	370
3	Messengers and Doorkeepers, half of 460*l.* .	230
4	Messengers . . „ 336*l.* .	168
4	Ditto . . „ 344*l.* .	172
4	Gate-porters . . „ 432*l.* .	216
1	Housekeeper . . „ 92*l.* .	46
4	Secretaries . . „ 2,532*l.* .	1,226
33	House-porters and Watchmen . . .	2,690
65	Clerks for general contingencies; additional assistance at various times of the year, and to supply absence, sickness, &c.; the number of Clerks above specified appertaining to the several offices being the minimum with which the business can be conducted	6,918
24	Clerks, the assistance afforded during the shutting of the Stocks	2,554
	Signing Warrants for Dividends . . .	520
	Emoluments and Gratuities to the above Clerks .	16,860
	Pensions of Retired Clerks from Stock Offices .	12,557
415	Carried forward . . .	108,812

APPENDIX VII.—*continued.*

No. of Clerks, &c.	Items of Expense.	Amount.
		£
415	Brought forward . .	108,812
	Dividend Warrant-paper . . .	536
	Stationer	4,988
	Pen-cutter	305
	Printer	1,767
	Solicitor's Bill	1,000
	Coals	550
	Candles and Oil	515
	Rent	26,664
	Sundries: viz.—Nightly Superintendents, 252*l.*; Refreshment for Soldiers, 224*l.*; Clothes for Porters, 327*l.*; Allowance to Directors, 4,000*l.*; Taxes, 2,614*l.*; and various Disbursements resulting from the management of the National Debt .	18,966
415	£	164,103

VIII.

An ACCOUNT of the EXPENSE attending the CIRCULATION of the PROMISSORY NOTES and POST BILLS of the BANK of ENGLAND, both London and the Branches, for the year 1831, exclusive of the Stamp Duty paid to Government.

No. of Clerks, &c.	Items of Expense.	Amount.
		£
6	Storekeeper's Office for Bank Notes . .	1,390
6	Engraver, Mould Makers, and Assistants .	1,283
25	Bank Note Office for Stamping . . .	5,575
25	Cashiers and Supernumeraries (excluding the first three)	10,950
9	Bank Note Pay Office	2,352
23	Inspectors and investigators . . .	5,782
7	Post Bill Office	1,430
56	Cash-book Office	4,035
74	Accountant's Office	4,350
231	Carried forward . . .	37,147

APPENDIX VIII.—*continued.*

No. of Clerks, &c.	Items of Expense.	Amount.
		£
231	Brought forward . . .	37,147
3	Messengers and Doorkeepers, one-quarter of 460*l.*	115
4	Messengers . . „ 336*l.*	84
4	Ditto . . „ 344*l.*	86
4	Gate-porters . . „ 432*l.*	108
1	Housekeeper . . „ 92*l.*	23
4	Secretaries . . „ 2,532*l.*	633
	House-porters	485
	Printers' and Engravers' Wages . . .	5,163
	Cost of Bank Note Paper, &c. . . .	4,866
	Pensions	10,912
	Gratuities	3,783
	Stationer	196
	Pen-cutter	142
	Printer	426
	Solicitors' Bills, &c.	1,246
	Coals	58
	Candles and Oil	130
	Rent	6,688
	Sundries: viz.—Nightly Superintendents, 252*l.*; Refreshments for Soldiers, 224*l.*; Clothes for Porters, 327*l.*; Allowance to Directors, 2,000*l.*; Taxes 1,307*l.*; and various Disbursements resulting from the Circulation of Bank Notes .	5,163
	Expenses attending the Circulation of 2,500,000*l.* of Branch Bank of England Notes at Eleven Branches	28,508
251	£	105,962

IX.—Expenses incurred in the Banking Department of the Bank of England for the year ending 29th Feb. 1832.

No. of Clerks, &c.	Items of Expense.	Amount.
		£
2	Accountant's Branch Banks . . .	346
26	Accountant's Drawing Office . . .	5,392
5	Ditto Discount . . .	1,640
3	Discount Cheque	890
5	Chancery and Exchequer . . .	1,147
1	Storekeeper	340
4	Chief Cashier's Office	1,241
3	Bullion Office	1,060
3	In-Tellers	502
18	Private Drawing Office	2,653
6	Public ditto	604
11	Discount Office, and for Discounted Bills unpaid .	3,260
19	Bill Office	3,265
10	Out-Tellers	2,338
5	Clearers	928
15	Cash-book Office	2,700
4	General Cash-book Office . . .	1,008
8	Branch Banks' Office	1,596
9	Bullion-porters	586
3	Messengers and Doorkeepers, one-quarter of 460*l.*	115
4	Ditto . . „ 336*l.*	84
4	Ditto . . „ 344*l.*	86
4	Gate-porters . . „ 432*l.*	108
1	Housekeeper . . . „ 92*l.*	23
4	Secretaries . . „ 2,532*l.*	633
10	House-porters	815
1	Watchman and Lamplighter . . .	100
	Emoluments and Gratuities of the above . .	9,227
	Pensions	7,775
	Stationer	288
	Pen Cutter	104
	Printer	342
	Solicitors' Bills, &c.	315
	Coals	134
	Candles, Oil, &c.	133
	Rent	6,668
	Sundries: viz.—Nightly Superintendents, 252*l.*; Refreshments for Soldiers, 224*l.*; Clothes for Porters, 327*l.*; Allowance to Directors, 2,000*l.*; Taxes, 1,307*l.*; and various Disbursements resulting from the above Offices . . .	5,017
	Expenses at 11 Branches	5,702
188		£69,165

X.

On the 29th of February, 1832, the date of the latest published Return, the disposable ASSETS and CAPITAL of the BANK were as follows:

Dr.	£	£	*Cr.*	£	£
Bank notes and post bills outstanding		18,051,710	By advances on Government securities and Exchequer Bills charged on the growing produce of the Consolidated Fund, ending 5th April, 1832	3,428,340	
Public Deposits:—			Do. do. 5th July, 1832	697,000	
Drawing accounts	2,034,790		Do. do. on supplies, 1825	7,600	
Balance of audit bills	550,550		Do. do.	2,000	
Life annuities unpaid	85,030				4,134,940
Annuities for terms of years	38,360		By advances to the trustees appointed by 3rd George IV. towards the purchase of an annuity of £555,740 for 44 years, from 5th April, 1823		10,897,880
Exchequer bills deposited	490,000		Other Credits:—		
		3,198,730	Exchequer Bills	2,700,000	
Private Deposits:—			Stock purchased	764,600	
Drawing accounts		5,683,870	City Bonds	500,000	
Various other debts		54,560	Bills and notes discounted	2,951,970	
Balance in favour of Bank		2,637,760	On mortgage	1,452,100	
			London Dock Company	227,500	
			On various other securities	570,690	
					9,166,860
			By cash and bullion		5,293,150
			The Bank hold of Government 3 per Cent. Stock	14,686,800	
			While there is due by the Bank to its proprietors only	14,553,000	
			Leaving a surplus of		133,800
		29,626,630			29,626,630

	£
The surplus of the Bank at the date referred to was, for standing capital	14,553,000
Surplus profit	2,637,760
Value of the Bank building, estimated at	1,000,000
	18,190,760
One-fourth part of the £14,553,000 having since the above period been paid off by Government, amounting to	3,638,250
Total surplus	14,552,510

XI.

The following is an Account of the NUMBER of LICENCES to COUNTRY BANKERS in England, and the NUMBER of COMMISSIONS of BANKRUPTCY issued against COUNTRY BANKERS in each of the following years:—

Years.	Licences.	Bankrupts.	Years.	Licences.	Bankrupts.
1809	702	4	1821	781	10
1810	782	20	1822	776	9
1811	789	4	1823	779	9
1812	825	17	1824	788	10
1813	922	8	1825	797	37
1814	940	27	1826	809	48
1815	916	25	1827	668	8
1816	831	37	1828	672	3
1817	752	3	1829	677	3
1818	765	3	1830	671	14
1819	787	13	1831	641	—
1820	764	4	1832	636	—

Total, 316 in 24 years.

XII.

TRANSFER DAYS at the BANK, SOUTH SEA, and INDIA HOUSE.

	Dividends due.
Bank Stock.—Tues. Thurs. and Fri. 3 per Cent. Reduced.—Tues. Wed. Thurs. and Fri. 3½ per Cent. 1818.—Tues. Thurs. and Fri.	April 5th. October 10th.
3 per Cent. 1726.—Tues. and Thurs. 3 per Cent. Consols.—Tues. Wed. Thurs. and Fri.	January 5th. July 5th.
3½ per Cent. Reduced.—Tues. Wed. Thurs. and Fri. Long Annuities to 1860.—Mon. Wed. and Fri.	April 5th. October 10th.
New 3½ per Cents.—Tues. Wed. Thurs. and Fri. New 5 per Cents.—Tues. Wed. and Fri.	January 5th. July 5th.
Annuities for terms of years ending 10th of October, 1859, per 10th George IV.—Tues. Thurs. and Sat.	April 5th. October 10th.
Annuities for terms of years ending 5th of January, 1860, per 10th George IV.—Tues. Thurs. and Sat.	January 5th. July 5th.
Life Annuities, if transferred between January 5th and April 5th, or between July 5th and October 9th	January 5th. July 5th.
Life Annuities, if transferred between April 5th and July 4th, or between October 10th and January 4th	April 5th. October 10th.

At the South Sea House.

3½ per Cents.—Mon. Wed. and Fri.	January 5th. July 5th.
3 per Cent. Old Annuities.—Mon. Wed. Fri.	April 5th. October 10th.
3 per Cent. New Annuities.—Tues. Thurs. and Sat.	January 5th.
3 per Cents. 1751.—Tues. and Thurs.	July 5th.

At the East India House.

India Stock.—Tues. Thurs. and Sat.	January. July.
Interest on India Bonds due	March 31st. September 30th.

Tickets for preparing transfer of stock must be given in at each office before one o'clock: at the East India House, before two o'clock. Private transfers may be made at other times than as above, the books not being shut, by paying at the Bank and India House 2*s.* 6*d.* extra for each transfer: at the South Sea House 3*s.* 6*d.*

Transfers at the Bank must be made by half-past two o'clock, at the India House by three, at the South Sea House by two, on Saturday by one.

Expense of transfer in—

Bank Stock, for 25*l.* and under, 9*s.*; above that sum, 12*s.*

India Stock, for 10*l.* and under, 1*l.* 10*s.*; above that sum, 1*l.* 14*s.*

South Sea Stock, if under 100*l.*, 9*s.* 6*d.*; above that sum, 12*s.*

Powers of attorney for the sale or transfer of stock to be left at the Bank, &c. for examination one day before they can be acted upon: if for receiving dividends it is sufficient to leave the power of attorney at the time when the first dividend on the stock named in the power becomes payable.

The expense of a power of attorney on all Government stock is 1*l.* 1*s.* 6*d.*, but for Bank, India, and South Sea Stock it is 1*l.* 11*s.* 6*d.* Probates for wills, letters of administration, and proofs of the death of a stockholder must be left at the Bank, &c. for registration from two to three clear days, exclusive of holidays.

Stock cannot be added to any account, whether single or joint, in which the decease of the individual, or one or more of a joint party, has taken place; and the decease to be proved as soon as practicable. Powers of attorney, in case of the death of a party or parties granting it, become void.

XIII.

Sir Isaac Newton's Report on the Coinage.

"In obedience to your Lordships' orders of reference of the 12th of August, that I should lay before your Lordships a state of the gold and silver coins of this kingdom in weight and fineness, and the value of gold in proportion to silver, with my observations and opinions, and

what method may be best for preventing the melting down of the silver coin, I humbly represent that a pound weight of troy gold, eleven ounces fine and one ounce alloy, is cut into forty-four and half guineas, and a pound weight of silver, eleven ounces two pennyweights fine and eighteen pennyweights alloy, is cut into sixty-two shillings, and, according to this rate, a pound weight of fine gold is worth fifteen pounds' weight six ounces seventeen pennyweights and five grains of fine silver, reckoning a guinea at 1*l.* 1*s.* 6*d.* in silver money. But silver in bullion exportable is usually worth two pence or three pence per ounce more than in coin, and if at a medium such bullion of standard alloy be valued at five shillings and four pence halfpenny per ounce, a pound weight of fine gold will be worth fourteen pounds' weight ten ounces twelve pennyweights nine grains of fine silver in bullion, and at this rate a guinea is worth but so much silver as would make twenty shillings and eight pence. When ships are lading for the East Indies the demand of silver for exportation raises the price to 5*s.* 8*d.* per ounce or above; but I consider not those extraordinary cases.

"A Spanish pistole was coined for thirty-two reas, or four pieces of eight reas, usually called pieces of eight, and is of equal alloy, and the sixteenth part of the weight thereof; and a moeda of Portugal was coined for ten crusadoes of silver, and is of equal alloy. Gold is therefore in Spain and Portugal of sixteen times more value than silver of equal weight and alloy according to the standard of those kingdoms, at which rate a guinea is worth twenty-two shillings and one penny. But this high price keeps their gold at home in great plenty, and carries away the Spanish silver into all Europe, so that at home they make their payments in gold, and will not pay in silver without a premium. Upon the coming in of a Plate fleet the premium ceases or is but small, but, as their silver goes away and becomes scarce, the premium increases, and is most currently about six per cent., which, being abated, a guinea becomes worth about twenty shillings and ninepence in Spain and Portugal.

"In France a pound weight of fine gold is reckoned worth fifteen pounds weight of fine silver; in raising or falling their money their kings' edicts have sometimes varied a little from this proportion in excess or defects, but the variations have been so little that I do not here consider them.

"By the edict of May, 1709, a new pistole was coined for four new lewises, and is of equal alloy, and the fifteenth part of the weight thereof, except the errors of their mints; and by the same edict fine gold is valued at fifteen times its weight of fine silver, and at this rate a guinea is worth twenty shillings and eightpence halfpenny. I consider not here the confusion made in the monies in France by frequent edicts to send them to the mint and give the king a tax out of them; I consider the value only of gold and silver in proportion to one another.

"The ducats of Holland, Hungary, and the Empire were lately current in Holland among the common people in their markets and ordinary affairs at five guilders in specie and five stivers, and commonly changed for so much silver moneys in three guilder pieces, as guineas are with us for twenty-one shillings and sixpence sterling, at which rate a guinea is worth twenty shillings and 7½*d.*

" According to the rate of gold to silver in Italy, Poland, Denmark, and Sweden, a guinea is worth about twenty shillings and 7*d.* 6*d.* 5*d.* or 4*d.*; for the proportion varies a little within the several governments in those countries. In Sweden gold is lowest in proportion to silver, and this hath made that kingdom, which formerly was content with copper money, abound of late with silver, sent thither, I suspect, for naval stores.

" In the end of King William's reign and the first year of the late Queen, when foreign coins abounded in England, I caused a great many of them to be assayed in the Mint, and found by the assays that fine gold was to fine silver in Spain, Portugal, France, Holland, Italy, Germany, and the Northern kingdoms, in the proportions above mentioned, errors of the mints excepted.

" In China and Japan one pound weight of fine gold is worth but nine or ten pounds weight of fine silver; and in the East Indies it may be worth twelve; and this low price of gold, in proportion to silver, carries away the silver from all Europe; so then by the course of trade and exchange between nation and nation in all Europe fine gold is to fine silver as $14\frac{4}{9}$, or fifteen to one, and a guinea at the same rate is worth between twenty shillings and five pence and twenty shillings and $8\frac{1}{2}d.$ except in extraordinary cases, as when a Plate fleet is just arrived in Spain, or ships are laden here for the East Indies, which cases I do not here consider. And it appears by experience, as well as by reason, that silver flows from those places where its value is lowest in proportion to gold, as from Spain to all Europe, and from all Europe to the East Indies, China, and Japan, and that gold is most plentiful in those places in which its value is highest in proportion to silver, as in Spain and England.

" It is the demand for exportation which hath raised the price of exportable silver about two pence or three pence in the ounce above that of silver in coin, and hath thereby created a temptation to export or melt down the silver coin rather than give two pence or three pence more for foreign silver; and the demand for exportation arises from the higher price of silver in other places than in England in proportion to gold, that is, from the higher price of gold in England than in other places, in proportion to silver, and therefore may be diminished by lowering the value of gold in proportion to silver.

" If gold in England or silver in the East Indies could be brought down so low as to bear the same proportion to one another in both places, there would be here no greater demand for silver than for gold to be exported to India, and if gold were lowered so as only to have the same proportion to the silver money in England which it hath to silver in the east of Europe, there would be no temptation to export silver rather than gold to any other part of Europe, and to compass this last there seems nothing more requisite than to take off about 10*d.* or 12*d.* from the guinea, so that the gold may bear the same proportion to the silver money in England which it ought to do by the course of trade and exchange in Europe; but if only sixpence were taken off at present it would diminish the temptation to export or melt down the silver coin, and by the effects would show hereafter better than can appear at present what further reduction would be most convenient for the public.

" In the last year of King William the dollars of Scotland, worth about

4*s.* 6½*d.* were put away in the north of England for five shillings, and at this price began to flow in upon us. I gave notice thereof to the Lords Commissioners of the Treasury, and they ordered the collectors of taxes to forbear taking them, and thereby put a stop to the mischief.

"At the same time the lewders of France, which were worth but seventeen shillings and three farthings apiece, passed in England for seventeen shillings and sixpence. I gave notice thereof to the Lords Commissioners of the Treasury, and his late Majesty put out a proclamation that they should go but for seventeen shillings, and thereupon these came to the Mint, and 1,400,000*l.* were coined out of them; and if the average of 5½*d.* a lewider sufficed at that time to bring into England so great a quantity of French money, and the advantages of three farthings in a lewider to bring it to the Mint, the advantage of 9½*d.* in a guinea or above may have been sufficient to bring the great quantity of gold which hath been coined in these last fifteen years, without any foreign money.

"Some years ago the Portugal moedas were received in the West of England at twenty-eight shillings apiece. Upon notice from the Mint that they were worth only twenty-seven shillings and seven pence, the Lords Commissioners of the Treasury ordered their receivers of taxes to take them at no more than 27*s.* 6*d*; afterwards, many gentlemen in the West sent up a petition to the Treasury that the receivers might take them again at 28*s.*; the nation would lose five pence a piece—rejected the petition. And, if the advantage to the merchant of five pence in 28*s.* did pour that money in upon us, much more hath an advantage to the merchant of 9½*d.* in a guinea, or above, been able to bring into the Mint great quantities of gold without any foreign silver, and may be able to do so still, till the cause be removed.

"If things be let alone till silver money be a little scarcer, the gold will fall of itself, for people are always backward to give silver for gold, and will in a little time refuse to make payments in silver without a premium, as they do in Spain, and this premium will be an abatement in the value of the gold; and so the question is whether gold shall be lowered by the Government or let alone till it falls of itself by the want of silver money.

"It may be said that there are great quantities of silver in plate, and if the plate were coined there would be no want of silver money. But I reckon that silver is safer from exportation in the form of plate than in the form of money, because of the greater value of silver and fashion together, and therefore I am not for coining the plate till the temptation to export the silver money, which is a profit of two pence and three pence per ounce, be diminished; for as often as men are necessitated to send away money for answering debts abroad, there will be a temptation to send away silver rather than gold, because of the profit, which is almost four per cent.; and for the same reason foreigners will choose to send hither their gold rather than their silver.

"All which is most humbly submitted to your Lordships' great wisdom.

"ISAAC NEWTON."

"*Mint Office*, 21 *Septr.* 1717."

XIV.

An abridged ACCOUNT of the Process of COINING MONEY at the MINT.

The coining of metallic money was originally performed by the hammer, and afterwards by what was called the screw press, or mill and screw.

Almost all the money now coined in this kingdom is from bullion received from the Bank of England, and first delivered to the "Master of the Mint's Assay Office:" here it is received into what is called the strong-hold, and there kept till its fineness is ascertained, in order that its true value may be computed. When this is done, the parties depositing it are desired to attend at the office of receipt and delivery to witness its weight, and to be informed of its fineness, and consequently of its value; the standard weight of the bullion being determined by the calculation of the respective officers.

It is next delivered to the melting-house, which is furnished with a variety of apparatus adapted not only to the melting, but to the lifting in and out of the pots containing the precious metals with safety, ease, and expedition. The silver is melted in pots of cast-iron, and run into plates ten inches long, seven wide, and about five-eighths of an inch thick; the gold is melted in pots of blacklead, carburet of iron, and run into plates ten inches in length, four in breadth, and three-eighths of an inch in thickness. The furnaces used are air furnaces, and the fuel is coke.

From the melting-house the plates are carried to the rolling-mills, where they are first hot-rolled, that is, made red hot in a furnace adapted to the purpose, and passed through a pair of cast-iron rollers. There are four pairs of rollers, which are put in motion by a steam-engine of thirty-horse power. The metal being brought to a blood-red heat is taken out by a man with a pair of smith's tongs, and immediately returned by another man, and again passed through while hot two or three times, by which it is greatly extended; after this it is annealed.

When finished, the plates of silver are about 3-16ths of an inch thick; they are then cut into slips by a pair of circular shears, attached to the shafts by which the rollers are worked; after which they are finished in what is called the adjusting rollers, which are also made of cast-iron, and very finely polished. In this process the slips are rolled cold, and, when a piece cut from the middle of each is found of the proper standard weight, they are carried to another apartment, called the cutting-out room, containing twelve machines worked by a steam-engine of sixteen-horse power.

With these machines the blank pieces are cut out from the strips, just mentioned, with great ease and velocity. The only manual labour required is that performed by a boy nine or ten years old, at each machine. He quickly learns the art of presenting the laminæ to the cutters, which instantly cut out the blank pieces of metal: these so struck fall through a hole that leads to a box placed below to receive them. Each machine will cut sixty pieces in a minute; of course the twelve will produce 720 in a minute, or 43,200 in an hour. Formerly these machines

were worked by hand by a man or boy at each cutter; but no manual labour can operate so accurately and well as the power obtained by the steam-engine. The instruments with which the blanks are cut are called bed and punch: they are made of steel, of the exact diameter of the piece of money required.

From this apartment the blanks are carried to the adjusting room, where every piece is most accurately weighed, the gold twice at least, the silver once. Those pieces which are found too heavy are reduced by the file, and those that prove too light, which occasionally occurs, are remelted.

The blanks, now properly adjusted, are carried to the milling room: this process being a secret, by the very constitution of the Mint no one is allowed to enter the room. This has always been the case since the time of Peter Blondeau, who introduced the milling in 1662, as appears by Foulkes in his Tables of English Coins, in which he observes, and the observation holds good even now, "It may be noted that this practice of keeping secret the manner of edging the money is still observed in our Mint, all those who are interested with it being sworn not to discover it."

The blanks when milled are annealed or softened in order that they may be fitted to receive the impression. The next operations are pickling and cleaning: the process of pickling is to throw the pieces of gold thus annealed into a strong solution of super-sulphate of potash.

When the pieces are properly blanched they are taken into another room to be dried and cleaned, which operation is performed by agitation in sieves containing sawdust, over a slow fire.

They are now taken to what is properly called the coining room. In this apartment there are eight coining presses worked by a ten-horse power steam-engine. The apartment in winter is heated by steam, so as to be kept at an uniform temperature. The machines are worked with the most perfect accuracy, and with such rapidity, that each will produce above 60 coins in a minute; and on the average, allowing for the necessary delays in working, 40 pieces of money, that is, 320 sovereigns, &c. will pass through the eight machines in a minute, or about 19,200 in an hour.

These machines require one boy of ten or twelve years of age to each, who, by supplying the machines with the planchets, runs no risk of injury to his fingers, as the machine contains in itself a self-feeder or layer-on, the business of the boy being only to fill the layer-on through a tube with the blanks. From this tube the machine places the blanks on the die, and, when struck, displaces them.

The two faces of the coin are struck at once, the upper and under die being both engraved for the purpose. The dies are the workmanship of an eminent engraver: he of course makes the pattern upon soft steel; from this many others are taken at an office in the Mint and hardened. The engraver is then called upon to verify the accuracy of the dies made use of with the pattern or mould which he has furnished.

From the money when completely finished two pieces are taken from every fifteen pounds weight of gold, and two at least from every fifteen pounds weight of silver, one for the private assay within the Mint, and the other for the trial of the pix.

But as no human skill can be supposed capable of attaining to unerring correctness in the practice of any art, an allowance was wisely provided by our ancestors in early times for the failures in the practical part of coinage, which in their judgment were considered as inevitable. Accordingly the Master of the Mint was permitted to vary from the express conditions of his indenture by certain small proportions of weight. This allowance is technically called "the remedy."

XV.

A LIST of the BUBBLES, as published in the year 1721.

1. Sir Richard Steele's Fish Pond.
2. Garraway's Fishery.
3. Robbins's Fishery for Gudgeons.
4. Grand Fishery for Smelts.
5. Greenland Fishery for Whales.
6. Grand American Fishery.
7. North American Fishery.
8. New Greenland Fishery.
9. Royal Fishery.
10. Arthur More's Fishery.
11. Ten Millions Fishery.
12. William Helmes, in Exchange Alley, Insurance of Female Chastity.
13. Mother Wyeborrow's Machine.
14. Wakefield for the more effectual Breeding of Ducks and Geese in Lancashire.
15. Whilmore's Lottery Annuities.
16. British Improvement.
17. Trade to Harborough.
18. Long's Meliorating of Oils.
19. Baker's Annuities.
20. Curing Herrings a la mode de Hagun Mogun.
21. Pollington, Melting Sawdust and Shavings into Deal Boards of any length and free from Knots.
22. Wild's Insurance against Housebreakers.
23. Wild's Insurance against Highwaymen.
24. Bele's Bottomry.
25. Codner's Assurance for Lying.
26. Briscoe's Transmutation of Animals.
27. Burridge's Importation of Spanish Snuffs.
28. Plummer and Petty Insurance from Death by drinking Geneva.
29. Carr's Brewing in Milford Haven.
30. Hurst's Importation of Hair.
31. Poppy Oil.
32. Radish Oil.

33. Freek's Annuities.
34. Supplying Markets with Cattle.
35. Lombard Office.
36. Butter Manufactory.
37. Woollen Manufactory.
38. Shipping.
39. Keet's Bubbles.
40. Taverner, Newfoundland.
41. Loft, Houses for Newfoundland.
42. Captain Clipperton's Adventures.
43. Fattening Hogs.
44. Widows' Pensions.
45. Tin Plates.
46. Trade to Sancta Crux.
47. Turnpikes.
48. Raw Silk.
49. Fenny Lands.
50. Wortley's Bubbles.
51. Union Fire Office.
52. Trade to the North Seas.
53. Welsh Copper and Brass.
54. Improvements in Tobacco in England.
55. Curing of broken-winded Horses and Mares.
56. Vaux, Exportation of Bay Salt.
57. Curing of Lunatic Persons.
58. Weldron's Improvement of Waste Ground and Fattening Cattle, at the Cross Keys Tavern, Cornhill.
59. Crutchley's, at Jonathan's Coffee House, Insurance from Loss by Garraway's Fishery.
60. Daniel Defoe, Employing of Weavers.
61. Sugar.
62. Royal Exchange Insurance.
63. Solomon Nunis Cuco.
64. Pinder's Improvement of Uncultivated Land in Lincolnshire.
65. Old Chitty, for Serving the Navy with Provisions.
66. For Clothing the Army.
67. Foster's Auction.
68. James Lunce's Adventures.
69. A New Invention for the more effectual Blacking.
70. Exporting of Stockings.
71. An Office for Supplying the King's Stores with Powder and other Warlike Materials.
72. A New Company for Importing of Brandies.
73. La Cuze, for peat and refuse.
74. The Grand Stuff Company.
75. A New and Complete Method of Cleaning the Streets.
76. Orphan's Stock.
77. Million Bank.
78. Annuities for Lives.
79. Stringer's Bubbles.

80. Pindar's Expedition to Madagascar for Suppressing of Piracy.
81. Pinder's invention for the more effectual making an Equinoctial Instrument for the Convenience of Ladies' Hoop Petticoats.
82. Tiling of Houses and insuring them.
83. Exportation of Old Clothes.
84. Node's Expedition to the Caribee Islands and Sancta Crux.
85. Insuring Children's Fortunes.
86. Employing the Poor for the ease of the Parishes.
87. Irish Proprietary Sail Cloth Company.
88. Potato Starch.
89. Lamb's Wool Manufactory.
90. Settlement in the Margravine of Azilia.
91. (Title not mentionable.)
92. Malt and Hops.
93. Keet's Loan.
94. Davis' Straits Fishery.
95. Hard Soap.
96. Long's Pennsylvania.
97. Swords from Iron.
98. Transmutation of Metals.
99. Steel from Iron.
100. King George's New Market.
101. Overall's Fire Office.
102. Overflowed Lands.
103. Building of Houses.
104. Grand Fishery.
105. Emptying Houses of Office.
106. A Second, more beneficial and less Offensive than the former, for Emptying Houses of Office.
107. Mutual Insurance for Ships.
108. Shales for Ships.
109. Ditto for Ships.
110. John's Coffee House for Ships.
111. Marine for Ships.
112. Tymond's Trade to Germany.
113. Importing of Negroes.
114. Asgil Evans, for Serving the Navy with Bread and Cheese.
115. Maton's South Sea Hops.
116. Symon's Assurance on Lives.
117. Baker's Second Edition of Assurance on Lives.
118. Bohemia Islands.
119. Orkney Islands.
120. Rock Salt.
121. Ditto.
122. Swason and Rummer.
123. Salutation Permits.
124. Lending Money to Necessitous Persons.
125. Office for Curing the Venereal Disease.
126. Puckle's Machine.
127. Felt Hats and Pantiles.

128. Coal Trade from Newcastle.
129. Woollen Trade to Ireland.
130. Rum Insurance.
131. Old Insurance.
132. Copper and Brass.
133. Lustrings.
134. Office for Maintaining Bastard Children.
135. For Lending Money.
136. Garraway's Lending upon Stock.
137. Fleece Tavern for Lending upon Stock.
138. Improvement of Hops.
139. Building of Ships.
140. Trade to Ireland.
141. Trade to Scotland.
142. Trade to Spain and Portugal.
143. Erecting Houses of Office in the North of England and Scotland for the Convenience of Strangers and Travellers.
144. Loan Office.
145. Cheff's Hemp and Flax.
146. Long's Hemp and Flax.
147. Brand's Sail Cloth.
148. British Sail Cloth.
149. British Insurance.
150. Grand Dispensary.
151. English Starch.
152. Foreign Starch.
153. Insurance for Houses.
154. Pentocle's Gold and Silver.
155. Paving the Streets of London.
156. Lambert's Improvement of Land.
157. Serving London with Hay and Corn.
158. River Oroonoko.
159. Timber and Masts from Germany.
160. Pasteboard and Packing-paper.
161. River Douglas.
162. Manchester Calicoes.
163. Wellbee's Gold and Silver Mines.
164. Irish Sail Cloth.
165. Making China in England.
166. Making Calicoes in England.
167. Long's Salt.
168. King George's Salt.
169. Queen Anne's Salt.
170. Silver Extract.
171. Sadler's Hall from Fires.
172. Salter's Hall Remittance.
173. Rose Office from Fires.
174. Stockdon's Remittance.
175. Irish Insurance from Fire.
176. Bleaching of Hair.

177. Coral Fishery.
178. Water Engine.
179. Holy Island.
180. Women's Silk Stockings and Men's Breeches.
181. Silk Worms.
182. South Sea Hops.
183. Greenland Fishery.
184. National Permits.
185. Globe Permits.

XVI.

Irish Banking Act.

An Act to regulate the Issue of Bank Notes in Ireland, and to regulate the Repayment of certain Sums advanced by the Governor and Company of the Bank of Ireland for the Public Service—[8 & 9 Vict. c. 37.—21st July, 1845.]

Restriction on Bankers by twenty-first and twenty-second George the Third (Ireland) repealed; and authorizing Banking Copartnerships to carry on business in Dublin, or within fifty miles thereof.

The preamble recites the Acts under which the Bank of Ireland has been established, and banking business hitherto carried on in Ireland, viz.—21 & 22 Geo. III. c. 16 (Ireland); 6 Geo. IV. c. 42; 1 Wm. IV. c. 32; 48 Geo. III. c. 103; 1 & 2 Geo. IV. c. 72; 3 & 4 Vict. c. 75; and 7 & 8 Vict. c. 32.

Sec. 1. Enacts, That from and after the sixth day of December, one thousand eight hundred and forty-five, so much of the said recited Act of the Parliament of Ireland of the twenty-first and twenty-second years of the reign of his Majesty King George the Third, as prohibits any body politic or corporate, erected or to be erected, other than the Governor and Company of the Bank of Ireland, or for any other persons whatsoever, united or to be united in covenants or partnership, exceeding the number of six persons, to borrow, owe, or take up any sum or sums of money on their bills or notes payable at demand, or at any less time than six months from the borrowing thereof, shall be and the same is hereby repealed; and that from and after the said sixth day of December, one thousand eight hundred and forty-five, it shall and may be lawful for any persons exceeding six in number, united or to be united in societies or partnerships, or for any bodies politic or corporate, to transact or carry on the business of bankers in Ireland, at Dublin, and at every place within fifty miles thereof, as freely as persons exceeding six in number, united as aforesaid, may lawfully carry on the same business at any place in Ireland beyond the distance of fifty miles from Dublin: Provided always, that every member of any such society, partnership, bodies politic or corporate, shall be liable and responsible for the due payment of all the debts and liabilities of the corporation or co-partnership of which such person shall be a member, any agreement, covenant, or contract to the contrary notwithstanding.

Interest at 3½ per cent. per annum made payable to Bank of Ireland.

Sec. 2.—And be it Enacted, That from and after the passing of this Act, the repayment of the said sum of two million six hundred and thirty thousand seven hundred and sixty-nine pounds four shillings and eight pence, shall be and the same is hereby made chargeable upon the Consolidated Fund of the United Kingdom of Great Britain and Ireland, until Parliament shall otherwise provide; and there shall be made payable, but subject to the condition of redemption hereinafter contained, at the receipt of Her Majesty's Exchequer in Dublin, to the Governor and Company of the said Bank of Ireland, out of the Consolidated Fund of the United Kingdom of Great Britain and Ireland, in respect of the said capital sum of two million six hundred and thirty thousand seven hundred and sixty-nine pounds four shillings and eight pence, so now due by the public to the said Governor and Company, the aforesaid annuity of ninety-two thousand and seventy-six pounds eighteen shillings and five pence, being an interest or annuity at and after the rate of three pounds ten shillings per centum per annum, in the now lawful currency of the United Kingdom, by two equal half-yearly payments, without any defalcation or abatement, on the fifth day of January and the fifth day of July in each year.

Bank shall manage the Public Debt of Ireland, and pay dividends without expense to Government.

Sec. 3.—And be it Enacted, That from and after the passing of this Act, the said Governor and Company of the Bank of Ireland shall, from time to time, and at all times during the continuance of their charter, and until the said corporations shall be dissolved pursuant to the provisions of this Act, continue to manage and to pay all interest, annuities, and dividends payable at the said Bank in respect of such part of the public debt as shall, for the time being, require to be transacted in Ireland, or in respect of any fund or stock created or to be created in consequence of any public loan, or funding of Exchequer Bills, or conversion of stock in Ireland, or of any public annuities, whether for lives or for years, without making any charge to Her Majesty, her heirs or successors, or to the Lord High Treasurer or the Commissioners of Her Majesty's Treasury, for their trouble or expense in so doing, any law, usage, or custom to the contrary notwithstanding.

Bank Corporation may be dissolved on Notice after 1st January, 1855.

Sec. 4.—And be it Enacted, That, at any time after the first day of January, which will be in the year of our Lord one thousand eight hundred and fifty-five, upon twelve months' notice, to be published in the Dublin Gazette by order of the Lord Lieutenant or other chief governor or governors of Ireland, that the said corporation of the Bank is to be dissolved, and upon repayment by Parliament to the said Governor and Company of the Bank of Ireland, or their successors, of the said sum of two million six hundred and thirty thousand seven hundred and sixty-nine pounds four shillings and eight pence, together with all arrears of interest or annuity due in respect thereof, then and in such case the said interest or annuity shall, from and after the expiration of twelve months

after such notice published, cease and determine, and the said corporation shall be dissolved.

Repeal of so much of 33 *George* II. *c.* 14, *s.* 15 (I.), *as prohibits public Officers from being Partners in Banks.*

Sec. 5.—And whereas, by an Act passed in the Parliament of Ireland in the thirty-third year of his late Majesty King George the Second, intituled "An Act for repealing an Act passed in this kingdom in the Eighth Year of the reign of King George the First, intituled 'An Act for the better securing the payment of Bankers' Notes, and for providing a more effectual remedy for the Security and Payment of Debts due by Bankers,'" it was among other things enacted that no person who by reason of any office, employment, deputation, or clerkship was then or should at any time thereafter be entrusted with the receipt, custody, or payment of public money, or any part of the public revenue of that kingdom, should, either singly or in partnership, so long as such person should continue in such office, employment, deputation, or clerkship, follow the trade or business of a banker, or by himself or by any person authorized by him issue or give any note or accountable receipt as a banker, or in partnership with any banker, or for profit or reward discount any promissory note or foreign or inland bill of exchange; and whereas it is expedient to repeal the said enactment: Be it therefore Enacted, That from and after the passing of this Act so much of the last-mentioned Act as is herein recited shall be and the same is hereby repealed.

Bank of England Notes not a Legal Tender in Ireland.

Sec. 6.—And whereas by an Act passed in the third and fourth years of the reign of his late Majesty King William the Fourth, intituled "An Act for giving to the Corporation of the Governor and Company of the Bank of England certain privileges for a limited period," under certain conditions, it was Enacted, That from and after the first day of August, one thousand eight hundred and thirty-four, unless and until Parliament should otherwise direct, a tender of a note or notes of the Governor and Company of the Bank of England, expressed to be payable to bearer on demand, should be a legal tender to the amount expressed in such note or notes, and should be taken to be valid as a tender to such amount for all sums above five pounds, on all occasions on which any tender of money may be legally made, so long as the Bank of England should continue to pay on demand their said notes in legal coin: provided always, that no such note or notes should be deemed a legal tender of payment by the Governor and Company of the Bank of England, or any branch bank of the said Governor and Company; and whereas doubts have arisen as to the extent of the said enactment: for removal whereof, be it Enacted and declared, That nothing in the said last-recited Act contained shall extend, or be construed to extend, to make the tender of a note or notes of the Governor and Company of the Bank of England a legal tender in Ireland: Provided also, That nothing in this Act shall be construed to prohibit the circulation in Ireland of the notes of the Governor and Company of the Bank of England as heretofore.

Oaths to be taken by Directors, &c. of Bank of Ireland.

Sec. 7.—And be it Enacted, That from and after the passing of this Act, it shall not be necessary for any governor, deputy-governor, or director of the said Bank, before acting in the said several offices of trust, to make and subscribe the declaration pursuant to the Act of Parliament passed in the kingdom of Ireland, intituled "An Act to prevent the further growth of Popery," nor to take any other oaths than the oath of allegiance, the oath of qualification by possession of stock, and the oath of fidelity to the corporation prescribed in and by the charter of Incorporation of the Governor and Company of the said Bank; and that it shall not be necessary for any member of the said corporation, before voting in any general court, to make and subscribe the aforesaid declaration, nor to take any other oaths than the oath of allegiance, the oath of qualification by the possession of stock, and the oath of fidelity to the said corporation provided in the said charter of incorporation: Provided always, That in case any of the persons called Quakers shall at any time be chosen governor, deputy governor, or director, or shall be or become a member of the said corporation, it shall be sufficient for such person or persons to make his or their solemn affirmation to the purport and effect of the oaths prescribed by the said charter and by this Act to be taken by governors, deputy governors, directors, or members respectively of the said corporation.

Bankers claiming to issue Notes to give notice to Commissioners of Stamps and Taxes, who are to certify Limitation of Issue.

Sec. 8.—And be it Enacted, That every banker claiming to be entitled to issue bank notes in Ireland shall, within one month next after the passing of this Act, give notice in writing to the Commissioners of Stamps and Taxes at their head office in London of such claim, and of the place, and name, and firm at and under which such banker has issued such notes in Ireland during the year next preceding the first day of May, one thousand eight hundred and forty-five; and thereupon the said Commissioners shall ascertain if such banker was on the sixth day of May, one thousand eight hundred and forty-five, carrying on the business of a banker, and lawfully issuing his own bank notes in Ireland; and, if it shall so appear, then the said Commissioners shall proceed to ascertain the average amount of the bank notes of such banker which were in circulation during the said period of one year preceding the first day of May, one thousand eight hundred and forty-five, according to the returns made by such banker in pursuance of the Act passed in the fourth and fifth years of the reign of her present Majesty, intituled "An Act to make further provisions relative to the returns to be made by Banks of the amount of their Notes in circulation," and the said Commissioners, or any two of them, shall certify under their hands to such banker the average amount when so ascertained as aforesaid, omitting the fractions of a pound, if any; and it shall be lawful for every such banker to continue to issue his own bank notes after the sixth day of December, one thousand eight hundred and forty-five, to the extent of the amount so certified, and of the amount of the gold and silver coin held by such banker, in the proportion and manner hereinafter mentioned, but not to

any further extent; and from and after the sixth day of December, one thousand eight hundred and forty-five, it shall not be lawful for any banker to make and issue bank notes in Ireland, save and except only such bankers as shall have obtained such certificate from the Commissioners of Stamps and Taxes.

Provision for United Banks.

Sec. 9.—Provided always and be it Enacted, That if it shall be made to appear to the Commissioners of Stamps and Taxes, that any two or more banks, have, by written contract or agreement (which contract or agreement shall be produced to the said Commissioners), become united within the year next preceding such first day of May, one thousand eight hundred and forty-five, it shall be lawful for the said Commissioners to ascertain the average amount of the notes of each such bank in the manner hereinbefore directed, and to certify a sum equal to the average amount of the notes of the two or more banks so united as the amount which the united bank shall thereafter be authorized to issue, subject to the regulations of this Act.

Duplicate of Certificate to be published in Gazette, and Gazette to be evidence.

Sec. 10.—And be it Enacted, That the Commissioners of Stamps and Taxes shall, at the time of certifying to any banker such particulars as they are hereinbefore required to certify, also publish a duplicate of their certificate thereof, in the next succeeding Dublin Gazette, in which the same may be conveniently inserted; and the Gazette in which such publication shall be made, shall be conclusive evidence in all courts whatsoever, of the amount of bank notes which the banker named in such certificate or duplicate is by law authorized to issue and to have in circulation as aforesaid, exclusive of an amount equal to the monthly average amount of the gold and silver coin held by such bankers as herein provided.

In case Banks become united, Commissioners to certify the amount of Bank Notes which each Bank was authorized to issue.

Sec. 11.—And be it Enacted, That in case it shall be made to appear to the Commissioners of Stamps and Taxes at any time hereafter, that any two or more banks have, by written contract or agreement (which contract or agreement shall be produced to the said Commissioners), become united subsequently to the passing of this Act, it shall be lawful to the said Commissioners, upon the application of such united bank, to certify, in manner hereinbefore mentioned, the aggregate of the amount of bank notes, which such sepaaate banks were previously authorized to issue, under the separate certificates previously delivered to them, and so from time to time; and every such certificate shall be published in manner hereinbefore directed; and from and after such publication the amount therein stated shall be, and be deemed to be the limit of the amount of bank notes which such united bank may have in circulation, exclusive of an amount equal to the monthly average amount of the gold and silver coin held by such banker as herein provided.

Banks entitled to the privilege of issuing Notes may relinquish the same, but not resume the issue.

Sects. 12 & 13.—And be it Enacted, That it shall be lawful for any banker in Ireland, who under the provisions of this Act is entitled to issue bank notes, to contract and agree with the Governor and Company of the Bank of Ireland, by an agreement in writing, for the relinquishment of the privilege of issuing such notes in favour of the said governor and company, and in each such case a copy of such agreement shall be transmitted to the Commissioners of Stamps and Taxes; and the said Commissioners shall thereupon certify, in manner hereinbefore mentioned, the aggregate of the amount of bank notes which the Bank of Ireland and the banker with whom such agreement shall have been made, were previously authorized to issue under the separate certificates previously delivered to them; and every such certificate shall be published in manner hereinbefore directed; and from and after such publication the amount therein stated shall be the limit of the amount of bank notes which the Governor and Company of the Bank of Ireland may have in circulation, exclusive of an amount equal to the amount of the gold and silver coin held by the Bank of Ireland as herein provided. And be it Enacted, That it shall not be lawful for any banker, who shall have so agreed to relinquish the privilege of issuing bank notes at any time hereafter to issue any such notes.

Limitation of Bank Notes in Circulation.

Sec. 14.—And be it Enacted, That from and after the sixth day of December, one thousand eight hundred and forty-five, it shall not be lawful for any banker in Ireland to have in circulation, upon the average of a period of four weeks, to be ascertained as hereinafter mentioned, a greater amount of notes than an amount composed of the sums certified by the Commissioners of Stamps and Taxes as aforesaid, and the monthly average amount of gold and silver coin held by such banker during the same period of four weeks, to be ascertained in manner hereinafter mentioned.

Notes for fractional parts of a Pound prohibited.

Sec. 15.—And be it Enacted, That all bank notes to be issued or re-issued in Ireland after the sixth day of December, one thousand eight hundred and forty-five, shall be expressed to be for payment of a sum in pounds sterling, without any fractional parts of a pound; and if any banker in Ireland shall from and after that day make, sign, issue, or re-issue any bank note for the fractional part of a pound sterling, or for any sum together with the fractional part of a pound sterling, every such banker so making, signing, issuing, or re-issuing any such note as aforesaid, shall for each note so made, signed, issued, or re-issued, forfeit or pay the sum of twenty pounds.

Issuing Banks to render Accounts Weekly.

Sec. 16.—And be it Enacted, That every banker, who after the sixth day of December, one thousand eight hundred and forty-five, shall issue bank notes in Ireland, shall on some one day in every week, after the

thirteenth day of December, one thousand eight hundred and forty-five, (such day to be fixed by the Commissioners of Stamps and Taxes,) transmit to the said Commissioners a just and true account of the amount of bank notes of such banker in circulation at the close of the business on the next preceding Saturday, distinguishing the notes of five pounds and upwards, and the notes below five pounds, and also an account of the total amount of gold and silver coin held by such banker at each of the head offices or principal places of issue in Ireland of such banker, at the close of business on each day of the week, ending on that Saturday, and also an account of the total amount of gold and silver coin in Ireland held by such banker at the close of business on that day; and on completing the first period of four weeks, and so on completing each successive period of four weeks, every such banker shall annex to such account the average amount of bank notes of such banker in circulation during the said four weeks, distinguishing the bank notes of five pounds and upwards, and the notes below five pounds, and the average amount of gold and silver coin respectively held by such banker, at each of the head offices or principal places of issue in Ireland of such banker during the said four weeks, and also the amount of bank notes which such banker is, by the certificate published as aforesaid, authorized to issue under the provisions of this Act; and every such account shall be verified by the signature of such banker or his chief cashier, or, in the case of a company or partnership, by the signature of the chief cashier or other officer duly authorized by the directors of such company or partnership, and shall be made in the form to this Act annexed, marked (A); and if any such banker shall neglect or refuse to render any such account, in the form and at the time required by this Act, or shall at any time render a false account, such banker shall forfeit the sum of one hundred pounds for every such offence.

What shall be deemed to be Bank Notes in Circulation.

Sec. 17.—And be it Enacted, That all bank notes shall be deemed to be in circulation from the time the same shall have been issued by any banker, or any servant or agent of such banker, until the same shall have been actually returned to such banker, or some servant or agent of such banker.

Commissioners of Stamps to make a Monthly Return.

Sec. 18.—And be it Enacted, That from the returns so made by each banker to the Commissioners of Stamps and Taxes the said Commissioners shall, at the end of the first period of four weeks after the said sixth day of December, one thousand eight hundred and forty-five, and so at the end of each successive period of four weeks, make out a general return in the form to this Act annexed, marked (B), of the monthly average amount of bank notes in circulation of each banker in Ireland during the last preceding four weeks, and of the average amount of all the gold and silver coin held by such banker during the same period, and certifying, under the hand of any officer of the said Commissioners duly authorized for that purpose, in the case of each such banker, whether such banker has held the amount of coin required by law during the

period to which the said return shall apply, and shall publish the same in the next succeeding Dublin Gazette in which the same can be conveniently inserted.

Mode of ascertaining the Monthly Average Amount of Bank Notes of each Banker in Circulation, and Gold Coin, during the first four weeks after the 6th day of December, 1845.

Sec. 19.—And be it Enacted, That for the purpose of ascertaining the monthly average amount of bank notes of each banker in circulation, the aggregate of the amount of bank notes of each such banker in circulation at the close of the business on the Saturday in each week during the first complete period of four weeks next after the sixth day of December, one thousand eight hundred and forty-five, shall be divided by the number of weeks, and the average so ascertained shall be deemed to be the average of bank notes of each such banker in circulation during such period of four weeks, and so in each successive period of four weeks; and the monthly average amount of gold and silver coin respectively held as aforesaid by such banker shall be ascertained in like manner from the amount of gold and silver coin held by such banker at the head offices or principal places of issue of such banker in Ireland, as after mentioned, at the close of business on such day in each week; and the monthly average amount of bank notes of each such banker in circulation during any such period of four weeks is not to exceed a sum made up by adding the amount certified by the Commissioners of Stamps and Taxes as aforesaid, and the monthly average amount of gold and silver coin held by such banker as aforesaid during the same period.

What shall be taken in the account of Coin held by any Banker. Silver Coin not to exceed the proportion of One Quarter of Gold.

Sec. 20.—And be it Enacted, That in taking account of the coin held by any banker in Ireland with respect to which bank notes to a further extent than the sum certified as aforesaid by the Commissioners of Stamps and Taxes may, under the provisions of this Act, be made and issued, there shall be included only the gold and silver coin held by such banker at the several head offices or principal places of issue in Ireland of such banker, such head offices or principal places of issue not exceeding four in number, of which not more than two shall be situated in the same province; and every banker shall give notice in writing to the said Commissioners, on or before the sixth day of December next, of such head offices or principal places of issue at which the account of gold and silver coin held by him is to be taken as aforesaid; and no amount of silver coin exceeding one-fourth part of the gold coin held by such banker as aforesaid shall be taken into account, nor shall any banker be authorized to make and issue bank notes in Ireland on any amount of silver coin held by such banker exceeding the proportion of one-fourth part of the gold coin held by such banker as aforesaid.

Commissioners of Stamps empowered to inspect the books of bankers. Penalty for refusing to allow such inspection.

Sec. 21.—And whereas in order to ensure the rendering of true and

faithful accounts of the amount of bank notes in circulation, and the amount of gold and silver coin held by each banker, as directed by this Act, it is necessary that the Commissioners of Stamps and Taxes should be empowered to cause the books of bankers issuing such notes, and the amount of gold and silver coin held by such bankers as aforesaid, to be inspected as hereinafter mentioned: Be it therefore Enacted, That all and every the book and books of any banker who shall issue bank notes under the provisions of this Act, in which shall be kept, contained, or entered any account, minute, or memorandum of or relating to the bank notes issued or to be issued by such bank, of or relating to the amount of such notes in circulation from time to time, or of or relating to the gold or silver coin held by such banker from time to time, or on any account, minute, or memorandum, the sight or inspection whereof may tend to secure the rendering of true accounts of the average amount of such notes in circulation and gold or silver coin held as directed by this Act, or to test the truth of any such accounts, shall be open for the inspection and examination, at all seasonable times, of any officer of stamp duties authorized in that behalf, by writing signed by the Commissioners of Stamps and Taxes, or any two of them; and every such officer shall be at liberty to take copies of or extracts from any such book or account as aforesaid, and to inspect and ascertain the amount of any gold or silver coin held by such banker; and if any banker or other person keeping any such book, or having the custody or possession thereof, or power to produce the same, shall, upon demand made by any such officer showing (if required) his authority in that behalf, refuse to produce any such book to such officer for his inspection and examination, or to permit him to inspect and examine the same, or to take copies thereof or extracts therefrom, or of or from any such account, minute, or memorandum as aforesaid, kept, contained, or entered therein, or if any banker or other person having the custody or possession of any coin belonging to such banker shall refuse to permit or prevent the inspection of such gold and silver coin as aforesaid, every such banker or other person so offending shall, for every such offence, forfeit the sum of one hundred pounds: Provided always, That the said Commissioners shall not exercise the powers aforesaid without the consent of the Commissioners of Her Majesty's Treasury.

All bankers to return their names once a-year to the Stamp-office.

Sec. 22.—And be it Enacted, That every banker in Ireland, other than the Bank of Ireland, who is now carrying on, or shall hereafter carry on, business as such, shall, on the first day of January in each year, or within fifteen days thereafter, make a return to the Commissioners of Stamps and Taxes, at their office in Dublin, of his name, residence, and occupation, or, in the case of a company or partnership, of the name, residence, and occupation of every person composing or being a member of such company or partnership, and also the name of the firm under which such banker, company, or partnership carry on the business of banking, and of every place where such business is carried on; and if any such banker shall omit or refuse to make such return within fifteen days after the said first day of January, or shall wilfully

make other than a true return of the persons as herein required, every banker so offending shall forfeit or pay the sum of fifty pounds; and the said Commissioners of Stamps and Taxes shall on or before the first day of March in every year publish in the Dublin Gazette a copy of the return so made by every banker.

Penalty on Banks issuing in excess.

Sec. 23.—And be it Enacted, That if the monthly average circulation of bank notes of any banker, taken in the manner herein directed, shall at any time exceed the amount which such banker is authorized to issue and to have in circulation under the provisions of this Act, such banker shall in every such case forfeit a sum equal to the amount by which the average monthly circulation, taken as aforesaid, shall have exceeded the amount which such banker was authorized to issue and to have in circulation as aforesaid.

Notes for less than Twenty Shillings not negotiable in Ireland.

Sec. 24.—And be it Enacted, That all promissory or other notes, bills of exchange, or drafts, or undertakings in writing, being negotiable or transferable, for the payment of any sum or sums of money, or any orders, notes, or undertakings in writing, being negotiable or transferable, for the delivery of any goods, specifying their value in money, less than the sum of twenty shillings in the whole, heretofore made or issued, or which shall hereafter be made or issued in Ireland, shall, from and after the first day of January, one thousand eight hundred and forty-six, be and the same are hereby declared to be absolutely void and of no effect, any law, statute, usage, or custom to the contrary thereof in anywise notwithstanding; and that if any person or persons shall, after the first day of January, one thousand eight hundred and forty-six, by any art, device, or means whatsoever, publish or utter in Ireland any such notes, bills, drafts, or engagements as aforesaid, for a less sum than twenty shillings, or on which less than the sum of twenty shillings shall be due, and which shall be in anywise negotiable or transferable, or shall negotiate or transfer the same in Ireland, every such person shall forfeit and pay for every such offence any sum not exceeding twenty pounds, nor less than five pounds, at the discretion of the justice of the peace who shall hear and determine such offence.

Notes for Twenty Shillings and above, and less than Five Pounds, to be drawn in certain Form.

Sec. 25.—And be it Enacted, That all promissory or other notes, bills of exchange, or drafts, or undertakings in writing, being negotiable or transferable, for the payment of twenty shillings, or any sum of money above that sum and less than five pounds, or on which twenty shillings, or above that sum, and less than five pounds, shall remain undischarged, and which shall be issued within Ireland at any time after the first day of January, one thousand eight hundred and forty-six, shall specify the names and places of abode of the persons respectively to whom or to whose order the same shall be made payable, and shall bear date before or at the time of drawing or issuing thereof, and not on any day sub-

sequent thereto, and shall be made payable within the space of twenty-one days next after the date thereof, and shall not be transferable or negotiable after the time hereby limited for payment thereof, and that every endorsement to be made thereon shall be made before the expiration of that time, and to bear date at or not before the time of making thereof, and shall specify the name and place of abode of the person or persons to whom or to whose order the money contained in every such note, bill, draft, or undertaking is to be paid; and that the signing of every such note, bill, draft, or undertaking, and also of every such endorsement, shall be attested by one subscribing witness at the least; and which said notes, bills of exchange, or drafts or undertakings in writing, may be made or drawn in words to the purport or effect as set out in the schedules to this Act annexed marked (D) and (E); and that all promissory or other notes, bills of exchange, or drafts, or undertakings in writing, being negotiable or transferable for the payment of twenty shillings, or any sum of money above that sum and less than five pounds, or in which twenty shillings, or above that sum and less than five pounds, shall remain undischarged, and which shall be issued in Ireland at any time after the said first day of January, one thousand eight hundred and forty-six, in any other manner than as aforesaid, and also every endorsement on any such note, bill, draft, or other undertaking to be negotiated under this Act other than as aforesaid, shall and the same are hereby declared to be absolutely void, any law, statute, usage, or custom to the contrary thereof in anywise notwithstanding: Provided, That nothing in this clause contained shall be construed to extend to any such bank notes as shall be lawfully issued by any banker in Ireland authorized by this Act to continue the issue of bank notes.

Penalty for persons other than Bankers hereby authorised issuing notes payable on demand for less than Five Pounds.

Sec. 26.—And be it Enacted, That if any body politic or corporate, or any person or persons, shall, from and after the said first day of January, one thousand eight hundred and forty-six, make, sign, issue, or re-issue in Ireland any promissory note payable on demand to the bearer thereof for any sum of money less than the sum of five pounds, except the bank notes of such bankers as are hereby authorized to continue to issue bank notes as aforesaid, then, and in either of such cases, every such body politic or corporate, or person or persons so making, issuing, or re-issuing any such promissory note as aforesaid, except as aforesaid, shall, for every such note so made, signed, issued, or re-issued, forfeit the sum of twenty pounds.

Penalty for negotiating Notes, &c. under Five Pounds.

Sec. 27.—And be it Enacted, That if any body politic or corporate, or person or persons, shall from and after the passing of this Act, publish, utter, or negotiate, in Ireland any promissory or other note (not being the bank note of a banker) hereby authorized to continue to issue bank notes, or any bill of exchange, draft, or undertaking in writing, being negotiable or transferable, for the payment of twenty shillings, or above that sum and less than five pounds, or on which twenty shillings

or above that sum and less than five pounds shall remain undischarged, made, drawn, or endorsed in any other manner than as is hereinbefore directed, every such body politic or corporate, or person or persons so publishing, uttering, or negotiating any such promissory or other note (not being such bank note as aforesaid), bill of exchange, draft, or undertaking in writing as aforesaid, shall forfeit and pay the sum of twenty pounds.

Not to prohibit cheques on Bankers.

Sec. 28.—Provided always, and be it Enacted, That nothing herein contained shall extend to prohibit any draft or order drawn by any person on his banker, or any person acting as such banker, for the payment of money held by such banker or person to the use of the person by whom such draft or order shall be drawn.

Mode of enforcing Penalties.

Sec. 29.—And be it Enacted, That all pecuniary penalties under this Act may be sued or prosecuted for and recovered for the use of Her Majesty, in the name of Her Majesty's Attorney General or Solicitor General in Ireland, or of the Solicitor of Stamps in Ireland, or of any person authorized to sue or prosecute for the same, by writing under the hands of the Commissioners of Stamps and Taxes, or in the name of any officer of Stamp duties, by action of debt, bill, plaint, or information in the Court of Exchequer in Dublin, or by civil bill in the Court of the Recorder, chairman, or assistant barrister within whose local jurisdiction any offence shall have been committed, in respect of any such penalty, or in respect of any penalty not exceeding twenty pounds, by information or complaint before one or more justice or justices of the peace in Ireland, in such and the same manner as any other penalties imposed by any of the laws now in force relating to the duties under the management of the Commissioners of Stamps; and it shall be lawful in all cases for the Commissioners of Stamps and Taxes, either before or after any proceedings commenced for recovery of any such penalty, to mitigate or compound any such penalty, as the said commissioners shall think fit, and to stay any such proceedings after the same shall have been commenced, and whether judgment may have been obtained for such penalty or not, on payment of part only of any such penalty, with or without costs, or on payment only of the costs incurred in any such proceedings, or of any part thereof, or on such other terms as such commissioners shall judge reasonable: Provided always, That in no such proceeding as aforesaid, shall any essoign, protection, wager of law, nor more than one imparlance be allowed; and all pecuniary penalties imposed by or incurred under this Act, by whom or in whose name soever the same shall be sued for, prosecuted for, or recovered, shall go and be applied to the use of Her Majesty, and shall be deemed to be, and shall be accounted for as, part of Her Majesty's revenue arising from stamp duties, any thing in any Act contained, or any law or usage, to the contrary in anywise notwithstanding: Provided always, That it shall be lawful for the Commissioners of Stamps and Taxes, at their discretion, to give all or any part of such penalties as rewards to any person or persons who shall have detected

the offenders, or given information which may have led to their prosecucution and conviction.

Companies to sue and be sued in the Names of their Officers.

Sec. 30.—And be it Enacted, That after the passing of this Act every company or copartnership of more than six persons established before the passing of this Act, for the purpose of carrying on the trade or business of bankers within the distance of fifty miles from Dublin, shall have the same powers and privileges of suing and being sued, and of presenting petitions to found sequestrations or fiats in bankruptcy, in the name of any one of the public officers of such company or copartnership, as the nominal plaintiff, petitioner, or defendant, on behalf of such company or copartnership, as are provided with respect to companies carrying on the said trade or business at any place in Ireland exceeding the distance of fifty miles from Dublin, under the provisions of an Act passed in the sixth year of the reign of King George the Fourth, intituled "An Act for the better regulation of Copartnerships of certain Bankers in Ireland;" and all judgments, decrees, and orders made and obtained in any action, suit, or other proceeding brought, instituted, or carried on by and against such company or copartnership carrying on business within the distance of fifty miles from Dublin, in the name of their public officer, shall have the same effect and operation, and may be enforced in like manner in all respects, as is provided in and by the last-mentioned Act with respect to the judgments, decrees, and orders therein mentioned: provided that every such company or copartnership as last aforesaid shall make out and deliver from time to time to the Commissioners of Stamps and Taxes the several accounts or returns required by the last-mentioned Act; and all the provisions of the last-mentioned Act as to such accounts or returns shall be taken to apply to the accounts or returns so made out and delivered by the said last-mentioned companies, as if they had been originally included in the provisions of the last-mentioned Act.

Provision in case of Determination of existing Agreement between Bank of Ireland, and Tipperary Joint Stock Bank.

Sec. 31.—And whereas a certain Joint Stock Banking Company, called and known as the "Tipperary Joint Stock Bank," refrained from issuing its own bank notes, under a certain agreement with the Governor and Company of the Bank of Ireland for the issue of the bank notes of the said governor and company, which agreement is determinable by either party upon certain notice to the other party; and it is just that in case such agreement should at any time hereafter during the continuance of this Act be determined and put an end to by the Governor and Company of the Bank of Ireland, that the said Tipperary Joint Stock Bank should receive by way of compensation such composition as hereafter mentioned: Be it therefore enacted, That if the said agreement shall be at any time hereafter during the continuance of this Act determined or put an end to by the Governor and Company of the Bank of Ireland, then and in such case the said governor and company shall, from the termination of the said agreement, pay and allow to the said Tipperary

Joint Stock Bank, so long as the latter shall continue to carry on the business of a bank and to issue exclusively the notes of the Governor and Company of the Bank of Ireland, a composition at and after the rate of one per centum per annum on the average annual amount of the Bank of Ireland notes issued by the said Tipperary Joint Stock Bank, and kept in circulation, such average annual amount to be ascertained by the Bank of Ireland, in the manner provided for regulating the compensation to be made to certain bankers by the Bank of England in and by the Act passed in the seventh and eighth years of the reign of Her present Majesty, intituled "An Act to regulate the Issue of Bank Notes, and for giving to the Governor and Company of the Bank of England certain privileges for a limited period:" Provided always, That the total sum payable to the Tipperary Joint Stock Bank by way of composition as aforesaid in any one year shall not exceed one per cent. on an amount that hath been agreed on by and betweeen the Bank of Ireland and the Tipperary Joint Stock Bank, and certified by both banks to the Commissioners of Stamps and Taxes; and such composition shall cease to be payable from and after the first day of January one thousand eight hundred and fifty-six.

Sec. 32.—*Interpretation clause of words used in the Act. Alteration of Act.*

Sec. 33.—That this Act may be amended or repealed in the present Session of Parliament.

SCHEDULES REFERRED TO IN THE FOREGOING ACT.

Schedule (A).

Name and Title set forth in Licence . . . Bank.
Name of the Firm . . . . . Firm.
Head Offices or principal Places of Issue . . Place.

AMOUNT of NOTES in Circulation on Saturday the day of } £5 and upwards £ / Under £5 £

Total . £

AMOUNT of GOLD and SILVER COIN held at the head Office or principal Place of Issue at the close of business on—

	Head Office at		Head Office at		Head Office at		Head Office at	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
Monday the								
Tuesday the								
Wednesday the								
Thursday the								
Friday the								
Saturday the								

TOTAL AMOUNT of COIN held at the close of business on Saturday, the day of 18

Gold	. . . .	£
Silver	. . . .	£
	Total . .	£

[*To be inserted in the Account at the end of each period of Four Weeks.*]

Amount of Notes authorized by Certificate	. .	£
Average Amount of Notes in circulation during the four weeks ending as above	£5 and upwards	
	Under £5	.
Average Amount of Coin held during the said Four Weeks	Gold	
	Silver	
	Total . .	£

I, being the [Banker, Chief Cashier, Director, *or* Partner, *as the case may be,*] do hereby certify that the above is a true Account of the Notes in circulation, and of the Coin held by the said Bank, as required under the Act 8 & 9 Vict. c. . (Signed)

Dated this day of 18

XVII.

SCOTCH BANKING ACT.

An Act to regulate the Issue of Bank Notes in Scotland.—[8 and 9 Vict. cap. 38.—21st July, 1845.]

Bankers claiming to be entitled to issue notes, to give notice to Commissioners of Stamps and Taxes, who are to certify limitation of issue.

Sec. 1.—Whereas by an Act made and passed in the eighth year of the reign of Her Majesty, intituled "An Act to regulate the Issue of Bank Notes, and for giving to the Governor and Company of the Bank of England certain privileges for a limited period," it was enacted, that from and after the passing of that Act, no person other than a banker, who, on the sixth day of May, one thousand eight hundred and forty-four, was lawfully issuing his own bank notes, should make or issue bank notes in any part of the United Kingdom: And whereas it is expedient to regulate the issue of bank notes by such bankers as are now by law authorized to issue the same in Scotland: Be it therefore Enacted, by the Queen's most Excellent Majesty, by and with the consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled, and by the authority of the same, That every banker claiming to be entitled to issue bank notes in Scotland shall, within one month next after the passing of this Act, give notice in

writing to the Commissioners of Stamps and Taxes, at their head office in London, of such claim, and of the place and name and firm at and under which such banker has issued such notes in Scotland, during the year next preceding the first day of May, one thousand eight hundred and forty-five, and thereupon the said Commissioners shall ascertain if such banker was, on the sixth day of May, one thousand eight hundred and forty-four and from thence up to the first day of May, one thousand eight hundred and forty-five, carrying on the business of a banker, and lawfully issuing his own bank notes in Scotland; and if it shall so appear, then the said Commissioners shall proceed to ascertain the average amount of the bank notes of such banker which were in circulation during the said period of one year preceding the first day of May, one thousand eight hundred and forty-five, according to the returns made by such banker in pursuance of the Act passed in the fourth and fifth years of the reign of Her present Majesty, intituled "An Act to make further provision relative to the Returns to be made by Banks of the amount of their Notes in circulation;" and the said Commissioners, or any two of them, shall certify under their hands, to such banker, the average amount when so ascertained as aforesaid, omitting the fractions of a pound, if any; and it shall be lawful for every such banker to continue to issue his own bank notes after the sixth day of December, one thousand eight hundred and forty-five, to the extent of the amount so certified, and of the amount of gold and silver coin held by such banker at the head office or principal place of issue of such banker, in the proportion and manner hereinafter mentioned, but not to any further extent; and from and after the sixth day of December, one thousand eight hundred and forty-five, it shall not be lawful for any banker to make or issue bank notes in Scotland, save and except only such bankers as shall have obtained such certificate from the Commissioners of Stamps and Taxes.

Provision for united Banks.

Sec. 2.—[This section is the same as section 9 of the Act for Ireland.]

Duplicate of certificate to be published in London Gazette, and Gazette to be evidence.

Sec. 3.—[This section is the same as section 10 of the Act for Ireland.]

United Banks, amount of issue.

Sec. 4.—[This section is the same as section 11 of the Act for Ireland.]

Notes for fractional sums prohibited.

Sec. 5.—[This section is the same as section 15 of the Act for Ireland.]

Limitation of bank notes in circulation.

Sec. 6.—And be it Enacted, That from and after the sixth day of December, one thousand eight hundred and forty-five, it shall not be lawful for any banker in Scotland to have in circulation, upon the average of a period of four weeks, to be ascertained as hereinafter men-

tioned, a greater amount of notes than an amount composed of the sum certified by the Commissioners of Stamps and Taxes as aforesaid, and the monthly average amount of gold and silver coin held by such banker at the head office, or principal place of issue of such banker, during the same period of four weeks, to be ascertained in manner hereinafter mentioned.

Issuing Banks to render accounts weekly.

Sec. 7.—And be it Enacted, That every banker who after the sixth day of December, one thousand eight hundred and forty-five, shall issue bank notes in Scotland shall, on some one day in every week after the thirteenth day of December, one thousand eight hundred and forty-five (such day to be fixed by the Commissioners of Stamps and Taxes), transmit to the said Commissioners a just and true account of the amount of bank notes of such banker in circulation at the close of the business on the next preceding Saturday, distinguishing the notes of five pounds and upwards, and the notes below five pounds, and also an account of the total amount of gold and silver coin held by such banker, at the head office or principal place of issue in Scotland of such banker, at the close of business on each day of the week ending on the same Saturday; and also an account of the total amount of gold and silver coin in Scotland held by such banker at the close of business on that day; and on completing the first period of four weeks, and so on completing each successive period of four weeks, every such banker shall annex to such account the average amount of bank notes of such banker in circulation during the said four weeks, distinguishing the bank notes of five pounds and upwards and the notes below five pounds, and the average amount of gold and silver coin respectively held by such banker at the head office or principal place of issue in Scotland of such banker during the said four weeks, and also the amount of bank notes which such banker is, by the certificate published as aforesaid in the London Gazette, authorized to issue under the provisions of this Act; and every such account shall specify the head office or principal places of issue, in Scotland, of such banker, and shall be verified by the signature of such banker or his chief cashier; or, in case of a company or partnership, by the signature of the chief cashier or other officer duly authorized by the directors of such company or partnership, and shall be made in the form to this Act annexed, marked (A); and if any such banker shall neglect or refuse to render any such account in the form and at the time required by this Act, or shall at any time render a false account, such banker shall forfeit the sum of one hundred pounds for every such offence.

What shall be deemed to be bank notes in circulation.

Sec. 8.—And be it Enacted, That all bank notes shall be deemed to be in circulation from the time the same shall have been issued by any banker, or any servant or agent of such banker, until the same shall have been actually returned to such banker, or some servant or agent of such banker.

Commissioners of Stamps to make a monthly return.

Sec. 9.—And be it Enacted, That from the returns so made by each banker to the Commissioners of Stamps and Taxes, the said Commis-

sioners shall, at the end of the first period of four weeks after the said sixth day of December, one thousand eight hundred and forty-five, and so at the end of each successive period of four weeks, make out a general return in the form to this Act annexed (B.) of the monthly average amount of bank notes in circulation of each banker in Scotland during the last preceding four weeks, and of the average amount of all the gold and silver coin held by such banker, and certifying under the hand of any officer of the said Commissioners duly authorized for that purpose, in the case of each such banker, whether such banker has held the amount of coin required by law during the period to which the said return shall apply, and shall publish the same in the next succeeding London Gazette in which the same can be conveniently inserted.

Mode of ascertaining monthly average amount of notes in circulation.

Sec. 10.—And be it Enacted, That for the purpose of ascertaining the monthly average amount of bank notes of each banker in circulation, the aggregate of the amount of bank notes of each such banker in circulation at the close of the business on Saturday of each week during the first complete period of four weeks next after the sixth day of December, one thousand eight hundred and forty-five, shall be divided by the number of weeks, and the average so ascertained shall be deemed to be the average of bank notes of each such bank in circulation during such period of four weeks, and so in each successive period of four weeks; and the monthly average amount of gold and silver coin respectively held as aforesaid by such banker shall be ascertained in like manner from the amount of gold and silver coin held by such banker, at the head office or principal place of issue in Scotland of such banker at the close of business on Saturday in each week during the same period; and the monthly average amount of bank notes of each such banker in circulation during any such period of four weeks is not to exceed a sum made up by adding the amount certified by the Commissioners of Stamps and Taxes as aforesaid, and the monthly average amount of gold and silver coin held by such banker as aforesaid during the same period.

Silver coin not to exceed one-fourth of gold held by banks.

Sec. 11.—And be it Enacted, That in taking account of the coin held by any such banker as aforesaid, with respect to which bank notes to a further extent than the sum certified as aforesaid by the Commissioners of Stamps and Taxes may, under the provisions of this Act, be made and issued, no amount of silver coin exceeding one-fourth part of the gold coin held by such banker as aforesaid shall be taken into account, nor shall any banker be authorized to make and issue bank notes in Scotland on any amount of silver coin held by such banker exceeding the proportion of one-fourth part of the gold coin held by such banker as aforesaid.

Commissioners of Stamps empowered to inspect books of bankers. Penalty for refusing to allow such inspection.

Sec. 12.—[This section is the same as section 21 of the Act for Ireland].

All bankers to return their names once a year to Stamp Office.

Sec. 13.—And be it Enacted, That every banker in Scotland who is now carrying on or shall hereafter carry on business as such, other than the Bank of Scotland, the Royal Bank of Scotland, and the British Linen Company, shall, on the first day of January in each year, or within fifteen days thereafter, make a return to the Commissioners of Stamps and Taxes, at their head office in London, of his name, residence, and occupation, or, in the case of a company or partnership, of the name, residence, and occupation of every person composing or being a member of such company or partnership, and also the name of the firm under which such banker, company, or partnership carry on the business of banking, and of every place where such business is carried on; and if any such banker, company, or partnership shall omit or refuse to make such return within fifteen days after the said first day of January, or shall wilfully make other than a true return of the persons as herein required, every banker, company, or partnership so offending shall forfeit or pay the sum of fifty pounds; and the said Commissioners of Stamps and Taxes shall on or before the first day of March in every year, publish in some newspaper circulating within each town or county respectively in which the head office or principal place of issue of any such banker be situated, a copy of the return so made by every banker, company, or partnership carrying on the business of bankers within such town or county respectively, as the case may be.

Penalty on banks issuing in excess.

Sec. 14.—[This section is the same as section 23 of the Act for Ireland.]

Bank of England notes not a legal tender in Scotland.

Sec. 15.—[This section is the same as section 6 of the Act for Ireland.]

Notes for less than 20s. not negotiable in Scotland.

Sec. 16.—[This section is the same as section 24 of the Act for Ireland.]

Notes of 20s. and above, and less than 5l. to be drawn in certain form.

Sec. 17.—[This section is the same as section 25 of the Act for Ireland.]

Penalty for persons other than bankers hereby authorized, issuing notes payable on demand for less than 5l.

Sec. 18.—[This section is the same as section 26 of the Act for Ireland.]

Penalty for negotiating Notes, &c. under Five Pounds.

Sec. 19.—[This section is the same as section 27 of the Act for Ireland.]

Not to prohibit cheques on Bankers.

Sec. 20.—[This section is the same as section 28 of the Act for Ireland.]

Mode of recovering Penalties.

Sec. 21.—And be it Enacted, That all pecuniary penalties under this Act may be sued or prosecuted for and recovered for the use of her Majesty, in the name of her Majesty's Advocate-General or Solicitor-General in Scotland, or of the Solicitor of Stamps and Taxes in Scotland, or of any person authorized to sue or prosecute for the same, by writing under the hands of the Commissioners of Stamps and Taxes, or in the name of any officer of stamp duties, by action of debt, bill, plaint, or information in the Court of Exchequer in Scotland, or, in respect of any penalty not exceeding twenty pounds, by information or complaint before one or more justice or justices of the peace in Scotland. [The remainder of this clause is the same as in section 29 of the Act for Ireland.]

Sec. 22.—Interpretation of words used in the Act.

Sec. 23.—That this Act may be *amended or repealed* in the present session of Parliament.

SCHEDULES TO WHICH THE FOREGOING ACT REFERS.

SCHEDULE (A).

Name and Title, as set forth in Licence.	Name of the Firm.	Head Office, or principal Place of Issue.	Amount of Circulation authorized by Certificate.	*Notes* in Circulation during the week ending —day of —		* Average of Four Weeks of all Notes.		Account of Coin held by the Banker at the Head Office, or principal Place of Issue, on the —— day of ——		* Average total Amount of Coin held by the Bank during four weeks ending	
				£5 and upwards.	Under £5.	£5 and upwards.	Under £5.	Gold.	Silver.	Gold.	Silver.
								£	£		
								Held on each day of the week preceding that day.			
									Gold. Silver.		
								Monday . . .			
								Tuesday . . .			
								Wednesday .			
								Thursday . .			
								Friday . . .			
								Saturday . .			

* To be inserted at the end of each period of four weeks.

I, being [the Banker, Chief Cashier, Managing Director, *or* Partner of the Bank, *or other Officer duly authorized by the Director, as case may be*] do hereby certify that the above is a true Account of the Notes in Circulation and Coin held by the said Bank during the week above written.

Dated the day of 18 (Signed)

SCHEDULE (B).

Name and Title, as set forth in Licence.	Name of Firm.	Head Office or principal Place of Issue.	Amount of Circulation authorized by Certificate.	Average Amount of Notes in Circulation during the Four Weeks ending the — day of ——			Average total Amount of Coin held during Four Weeks ending	
				£1 and upwards.	Under £5.	Total.	Gold.	Silver.

I hereby certify, that each of the Bankers named in the above Return, who have issued an amount of Notes beyond that authorized in their Certificate [with the exception *of A. B. or C. D. as the case may be*], have held an amount of Gold and Silver Coin not less than that which they are required to hold during the period to which this Return refers.

Dated Officer of the Stamps.

SCHEDULE (C.)

[*Place*] [*Day*] [*Month*] [*Year*]

Twenty-one days after date I promise to pay *A. B.* of [*Place*], or his order, the sum of for value received by

Witness, *E. F.* *C. D.*

And the Endorsement, toties quoties.

[*Day*] [*Month*] [*Year*]

Pay the contents to *G. H.* of [*Place*], or his order.

Witness *J. K.* *A. B.*

SCHEDULE (D.)

[*Place*] [*Day*] [*Month*] [*Year*]

Twenty-one days after date pay to *A. B.* of [*Place*], or his order, the sum of value received, as advised by

To *E. F.* of [*Place*] *E. D.*

Witness, *G. H.*

And the Endorsement, toties quoties.

[*Day*] [*Month*] [*Year*]

Pay the contents to *J. K.* of [*Place*], or his order.

Witness, *L. M.* *A. B.*

XVIII.

Form of a Bond for a Cash Account in Scotch Banks.

We, A. B. C. D. and E. F. considering that the bank has agreed to allow us a standing credit to the extent of one thousand pounds sterling upon a cash credit account, to be kept in the name of one of us, the said A. B., in the books of the said bank, and to be operated upon by him, and may also discount or purchase bills, whereon the name of the said A. B. or the firm of any company of which he is a partner, may stand as drawer, acceptor, or endorser, and that upon condition of our granting these presents: *Therefore* we, the said A. B. C. D. and E. F., hereby bind and oblige ourselves, as full debtors and co-obligants, and our respective heirs, executors, and successors whomsoever, all conjunctly and severally, to content and pay to the said bank the foresaid sum of one thousand pounds sterling, or such part or parts thereof as the said A. B. or any person or persons having his letter or other written authority, shall value for or draw out by orders or drafts on the said bank, or its manager, cashier, or any of its officers at Edinburgh, or any of its agents, cashiers, or other officers elsewhere, in virtue of the foresaid credit: and also such sum or sums of money as the said A. B. shall stand engaged for or be indebted, resting or owing to the said bank on account of any bills discounted or held by it, whereon his name as an individual, or the firm of any company of which he is a partner, shall stand as drawer, acceptor, or endorser, or any sum or sums for which he or they shall stand engaged or indebted to the said bank by acceptances,

endorsations, letters of credit, guarantees, or in any other manner of way whatsoever, and all or any of which obligations as aforesaid the said bank shall be entitled to place to the debit of the said account and of the obligants hereto, at any time before this bond is discharged and delivered up, and that without intimation to any of the said parties, but not exceeding in all the said principal sum of one thousand pounds sterling, and interest due thereon; and that at any time when the same shall be demanded after three months from the date hereof, together with the legal interest thereof, from the time or times of the respective advances until the same be repaid, with a fifth part more of the said principal sum due of penalty in case of failure. And it is hereby specially conditioned and agreed to, that a stated account, made out from the books of the said bank, and signed by one of its accountants, shall be sufficient to constitute a charge or balance against us and each of us, whereof no suspension shall pass at the instance of any of us, except on consignation only of the sum due thereon. And it is hereby declared that there is nothing hereby meant to supersede or vacate the security which the said bank already holds, or may hold, over any shares of stock of the said bank and profits thereon, belonging or that may belong to any of us for any advances under this bond or otherwise, it being always in the power of the said bank to appropriate or allow of the disposal in any way whatever of all or any of the shares of said stock; and the said parties to this bond hereby declare that they have no lien over the said shares, or any right to insist upon the application of the same to payment of any debts to be hereby contracted. And further, the said parties agree that the obligation hereby come under shall remain in full force in the same manner and to the same extent as if such shares of stock had never belonged to any of the parties hereto, and it being hereby agreed that the said bank may allow credit on the said shares, or the same to be sold, and the price to be paid to the seller, or may apply the same to any other purpose according as it shall deem expedient, being bound in the latter case to account only to the person or persons to whom the shares belonged.

And further declaring, as the said cash credit account is to be in the name of the said A. B. and he is to conduct the transactions thereon, it is hereby especially provided and agreed to, that all communications on the part of the bank, regarding either the management by him of the accounts or repayment of the balance or balances which may become due thereon, shall or may be made to us, the other parties, through the said A. B. with whom the said bank shall be at liberty to make any arrangements, by affording further opportunities for better management of the accounts according to the rules of the said bank, if deviated from, or in any other way required, or by giving time for repayment of the balance or balances thereof, without any direct application to or concurrence by us the said C. D. and E. F. on the subject, until the said bank shall consider this necessary for a final settlement. And it shall also have the power, without consultation with or consent by us, to compromise with or give time to any of the parties on the bills discounted or held by it as aforesaid, we, the said C. D. and E. F. having always full opportunity afforded us by the said bank, whenever we, or either of us,

wish and apply for the same, to see any of the transactions and state of the said cash credit account, and other transactions of the said A. B. in which we may be interested by the obligations of this bond; and the said bank shall only be bound to attend to any instructions we may give on the subject in writing, and acknowledged in writing to have been received. It being hereby expressly declared that all the parties to this bond are *pari passu* co-obligants to the said bank; and that all and each of us are equally bound to it, and shall not be entitled to plead that any of us are the cautioners for the other; and we, the said A. B. and E. F. consent to the registration hereof, and of the foresaid stated accounts, in the books of council and session, that letters of horning on six days' charge, and all execution necessary, may pass on a decree to be interponed then and thereto, in form as officers, and for that purpose we constitute, &c. In witness whereof these presents, written upon this sheet of stamped paper, by our procurators, &c.

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A List of the WORKS consulted by the AUTHOR, exclusive of the State Papers and the Journals of the Houses of Parliament of the three Kingdoms, together with the various Periodicals for the last 50 years.

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An Abridgment of all the Statutes in force, by W. Hughes	1663
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Interest of Money Mistaken	1668
Controversy between Sir Josiah Child and Thomas Manley on the rate of Interest for Money	1670
History of the New Fashioned Goldsmiths or Bankers	
On Metals and Minerals, by Francis Bacon	
Act of the City Common Council relating to Orphans	1671
Sundry Pamphlets on Banks and Lombard Houses, from	1640 to 1696
Proposal for a Bank, by Robert Murray	1678
Short Instructions for Executors of Orphans' Portions, &c.	1682
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Essay concerning the Land Mint	1705
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Sundry Tracts relating to the Bank of England	1708
Report on John Paterson's Petition	1713
Abstract of the several Acts of Parliament, Commission, and Charter of the South Sea Company	1718
The Political Anatomy of Ireland, by Sir W. Petty, reprinted	1719
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Treatise on the Law of Insurance, by S. Marshall	1823
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ERRATA.

Page	43,	line 14	from the top,	for "issue" read "issuer."
„	44,	„ 18	„	for "banks" read "bank."
„	68,	„ 26	„	for "the exorbitant" read "their exorbitant."
„	100,	„ 22	„	for "and the first bonus was granted" read "and was the first" &c.
„	101,	„ 16	„	omit "Opinions respecting the Bank being the sole Bank of Issue" in contents.
„	105,	„ 6	from the bottom	for "or the days" read "on the days."
„	105,	„ 2	„	for "exchange" read "exchanges."
„	110,	„ 20 & 21	„	omit "£" before the figures.
„	110,	„ 16	„	omit "*l.*" after the figures.
„	191,	„ 13	„	for "mortgagee" read "mortgagor."
„	221,	„ 5	from the top,	for "Gostling" read "Gosling."
„	222,	„ 3	„	
„	239,	„ 12	„	for "parties" read "porter."
„	241,	„ 3	„	for "their" read "this."
„	280,	„ 2	from the bottom,	for "note" read "notes."
„	288,	„ 6	from the top,	for "19*l.*10*s.* for 20*l.*" read "19*s.*6*d.* for 20*s.*"
„	289,	„ 13	„	for "manner" read "matter."
„	308,	„ 21	„	for "neglect" read "neglects."

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